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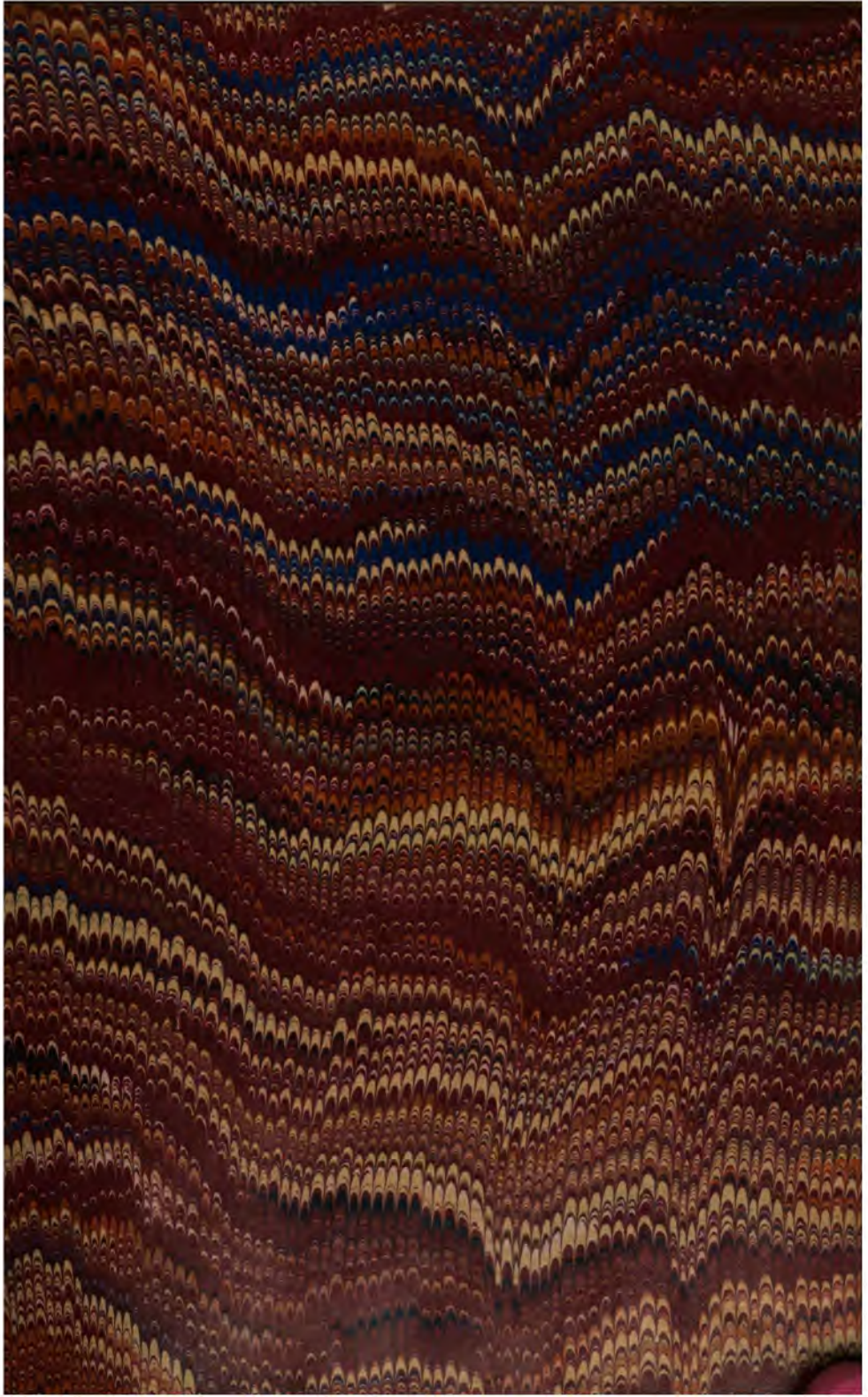
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CANADIAN CURRENCY AND EXCHANGE UNDER FRENCH RULE

III. SECOND PERIOD OF THE CARD MONEY*

IT was unfortunate for Canada that the close of the first period of the card money, and the return to a metallic currency, should have coincided with the inflating of Law's Mississippi bubble. The Company of the Occident, as was the name of this airy structure, obtained, among other rights and privileges, a monopoly of the Canadian beaver trade, and a lease of the French mint for nine years from 1719.

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*Chief sources:

Canadian Archives, Correspondance Générale, Vols. XLIV-LXXV.

"Documents relating to the Colonial History of the State of New York," Vol. IX.

"Collection de Manuscrits Contenant Lettres, Mémoires, et Autres Documents Historiques Relatifs a la Nouvelle-France," Vol. III.

"Edits, Ordonnances Royaux, Declarations et Arrets du Conseil D'Etat du Roi, Concernant le Canada."

"Histoire Monétaire des Colonies Françaises, d'apres les Documents Officiels." Par E. Zay.

French currency and finance were found to be in a very disordered condition when the ratification of the Treaty of Utrecht permitted attention to be drawn to them. Their reconstruction had been entrusted to the famous John Law, a man of genius in many respects, whose chief misfortune was the phenomenal success which attended his efforts. Like a cloud-burst after a drought, his projects swept everything before them, completing the ruin which they were intended to mitigate, and themselves being carried to destruction in the flood which they had precipitated.

Just when Canada was being purged of its paper currency France itself was being deluged with it through Law's national bank. By 1719 everything in France was afloat on paper. Values, prices, rates of exchange, monetary standards, all were dancing gaily without anchor on a very tidal wave of prosperity. With everyone lending a helping hand, the breakers were soon in sight. Then the Government ran wildly about issuing edicts and ordinances, repealing them and issuing others, in the vain hope of casting some anchor that would hold in the midst of drifting chaos.

The people of Canada, away on the outskirts of this commotion, were almost reduced to barter by the wiping out of their paper money before a sufficient substitute had been provided. Nevertheless they found themselves bewildered with a series of regulations about money and prices, sent over from France with the yearly supplies, the latter none too liberal.

Thus a royal edict of May 7th, 1719, declares that the king has issued a new gold coinage, the louis d'or being fixed at 35l., and all persons are forbidden to receive or pay it out at any other rate. This, however, was of no avail. Forces much stronger than royal edicts, the necessities of trade namely, were regulating values, and, in consequence, sending specie to a high premium.

Under Law's management of the mint several changes in the rating of the coins took place during 1719-20. In September, 1720, a special effort was made to fix money values and cheapen provisions. A new issue was made, of which the louis d'or was to pass for 54l., and the louis d'argent or écu for 9l., and the other gold and silver coins in proportion. From Dec.

1st these rates were to be reduced to 45l. and 7l. 10s., respectively, and after Jan. 1st, 1721, they were to be still further reduced to 33l. and 6l. respectively. Special rates were prescribed for the old coins till they could be returned to the mint. But before the end of 1720 it was found that this anchor too was dragging, and the effort to stem the tide was given up.

By this time the flood was in full sweep, and Law's vast edifice was rapidly going down before it. In Jan., 1721, his lease of the mint was annulled, but nothing could be done towards a permanent reform till the waters had subsided. A beginning was made in 1723, and, after various attempts, something stable was secured in 1726, when an extensive recoinage was undertaken on the basis of 20l. for the louis d'or and 5l. for the écu.

To what extent, it may be asked, did these rapid and extensive changes in the currency of France affect Canada? The colony had two points of contact with the movement of values in the mother country, namely, the commercial dealings of the country with French merchants, and the management of the Canadian finances.

As we have seen, the French commercial system did not respond to every attempt to fix the legal rating of the currency, hence the commercial exchanges between Canada and France followed the range of market values and not the edicts of the Court. In Canada, again, business was not done on a very close margin, and, though trade with France might be somewhat hampered, yet the fluctuations in values would not be rapidly or strongly felt in the internal trade of the country.

In the case of the Canadian finances, the matter was different. The funds sent out on the king's account were estimated on the basis of whatever happened to be the legal standard of values at the time, which was usually something else before the payments were actually made in Canada, the result being to greatly complicate the bookkeeping in connection with the colonial finances. Thus, for instance, a certain sum of money was sent out in 1720, consisting chiefly of crowns (louis d'argents or écus) rated at 2l. 15s., but in Jan., 1720, they had been reduced to 2l., which caused a shrinkage in the colonial appropriation to the extent of 17,952l. 15s. But

again, on July 30th, the same coin was increased to 4l., of which, however, prompt notice did not reach Canada, and the coins being paid out on the basis of 2l., great loss resulted, which the colony asked the king to bear.

It will be readily understood that specie being scarce in France itself, and in consequence running to a high premium, as little coin as possible would be sent to Canada. As the balance of trade was against Canada, the Canadian merchants in making their remittances would find the premium on specie a strong inducement to send it as long as they could get it. Hence what funds were sent out by the king, or brought by the company to purchase furs, as required by their charter, would immediately return to France. The colony was thus deprived of the necessary medium of exchange.

The function of a medium of exchange is, of course, quite different from that of a means of settling international trade balances. If the colony had a medium which could not be used for the settlement of trade balances it would be left to do its work regardless of the unfavourable balance of trade. It was a vague appreciation of this idea that led to the periodical revival of the proposal to issue a special coinage for Canada or the other colonies. It had also led to the extra rating of one-fourth on the French currency in Canada, which, though it had prevailed so long, had availed nothing when once Canadian values had made corresponding adjustment. None of the advocates of a separate coinage for Canada really understood the nature of the interdependence of the currency, the foreign exchanges, and the finances of the colony. The fact was that this three-cornered connection presented an economic problem more difficult of solution than any hitherto met with in French experience.

Naturally enough the condition of Canada after the withdrawal of the card money, which had acted as a special currency for the country, led to the revival of the idea of a separate coinage. The proposal first took shape, however, in a project for supplying the colonies with copper coin through the agency of the Company of the Occident, a project which was more particularly connected with the West Indies, though including Canada in its application.

The edict giving expression to the purpose provided for the issue of copper coins of 12 and 6 deniers. It was published in Dec., 1716, and the following year an order was apparently sent to Quebec and the other American colonies to have the edict registered and currency given to the coins. The copper, however, which was provided for their manufacture, turned out to be of so poor a quality that the process of minting them was suspended, and in the subsequent rush of events the matter was forgotten. In 1721 the Company of the Indies, which had absorbed the Company of the Occident, revived the project. Having obtained suitable copper from Sweden, they prevailed on the king to mint it for them, and give it the necessary legal status. Accordingly, an edict was issued in June, 1721, providing for the minting at Bordeaux, Rochelle and Nantes of 150,000 marcs of copper in pieces of 20, 40 and 80 to the marc. They were to be current in the Americas and in the other French possessions outside of Europe. Their values were fixed at 18, 9, and 4½ deniers. In the end only the 9 denier piece was struck, and that only at Rochelle.

In 1722 the Company of the Indies sent 20,000l. worth of this copper money to their agent in Canada to put into circulation in connection with the purchase of furs. But the Canadians objected to receiving it, alleging as an excuse that the edict of the king had not been registered in the Superior Council. The company made appeal to the Minister of Marine to have instructions sent to Canada to register the edict. This was done, but with the proviso that no one should be required to take more than one-sixth of any cash payment in copper, as was the rule in France. The governor and intendant informed the minister that they did not expect the money to circulate, as it was not customary in Canada to make payments in copper. The people, they say, find it clumsy on account of its weight, and object to these coins in particular, because they are highly overrated, and because they will not circulate beyond the colony. When the company tried to force the circulation, the merchants steadily refused to take more than one-sixth in copper, and as the company had not the necessary silver to complete the payments, it had to give up the attempt, and pay in bills of exchange. Only 306l. 15s. had been got into circulation.

It was afterwards proposed to get the government to take over the rest of the copper, and pay it out along with its cash payments. Apparently the minister had received such a proposal, and had referred the matter to the Canadian authorities. The following year, 1724, the governor and intendant report that after discussing the matter with the chief inhabitants of the colony, they are sure that there is no use to attempt its issue. There is no need in the colony, they say, for any coin below the sol marquez. There is, therefore, nothing to do with it but send it back to France, for so long as it remains here it makes the people uneasy. It was finally returned to Rochelle in 1726.

Since these copper coins circulated freely in Louisiana and the West Indies, as they would certainly have circulated in Canada also in the period before the card money, it is quite evident that their failure to pass now was entirely due to the new monetary habits of the people, owing to the prevailing use of card money for a generation. The abundance and depreciated value of the cards necessarily raised prices, and led to an almost total disuse of fractional denominations either as currency or as a value counter. Hence even when specie payment was restored, the people in their valuations had no place for anything less than the sol.

When the distinction between money of Canada and money of France was abolished by the declaration of the king of July 5th, 1717, some difficulty resulted in fulfilling contracts made on the basis of the money of Canada. As, however, from the economic condition of the country at the time, there could not have been many contracts in force, beyond the narrow range of the commercial element of Quebec, Three Rivers and Montreal, who could readily understand and apply the law, the difficulty in this respect could not have been very great. In one direction, however, contracts were very general and of long duration, in the direction, namely, of the terms on which the common people held their lands. As time passed a number of disputes arose as to whether the land holders were entitled to the reduction of one-fourth on the contracts made on the basis of the money of Canada. Several decisions were given by the Canadian courts, but without complete satisfaction. Hence it

became necessary for the authorities in France to attempt to settle the matter, which they undertook to do in the "Declaration in interpretation of that of 5th July, 1717, on the subject of the card money of Canada," dated 25th March, 1730. This reverses several of the Canadian decisions, and declares that in the case of all feudal dues and other contracts made before the registering of the declaration of 1717, and where there is no stipulation for payment in money of France, or money *tournois* or *parisis*, the contract shall be paid in the money of France, with a reduction of one-fourth from the amount stipulated in money of Canada.

I have already referred to the difficulties of the Canadian treasury in trying to keep pace with the bewildering changes in the rating of the French coinage. This continued till about 1727-28, when conditions became somewhat more stable. A return of the specie in the treasury at Quebec, derived from the duties on liquors, dated 2nd Sept., 1726, shows that a separate account had to be kept of the coins of different issues, owing to their different values, and also another account, stating the increase or decrease on each class of coins, owing to the latest edict altering the rating of the currency after the duty had been paid. In this report the issues represented range from 1642 to 1725, and amount altogether to 3,000l. But, since collecting, an edict had raised their value by 156l. 8s. 10d., of which the treasury would have the benefit unless rates fell again before the money was paid out. This is merely a sample of the intricacies of Canadian finance at that period, owing to the unstable condition of the money standards.

While France was suffering from the effects of a disastrous war and the collapse of a financial and commercial boom, we are not surprised to find that trade languished, and hard times prevailed throughout the empire.

After the treaty of Utrecht the rivalry between the English and French colonies in America was sharper than ever. The French were endeavouring, by an aggressive and industrious diplomacy, and a series of most ingenious interpretations of the important clauses of the treaty, to minimize the English successes and to recover, during the interval of nominal peace, what had been lost during the last war.

The western trade movement, accompanied by advancing outposts and unstable Indian alliances, steadily contributed fresh causes for dispute. France managed to establish a connection between her Louisiana colony in the Mississippi valley, and the Canadian territory in the valley of the St. Lawrence and the great lakes. She then pressed east and south upon the advancing English settlements.

There is a striking contrast between the French and English methods of expansion. The French simply over-ran the country; the English settled as they went. Consequently, almost everywhere the French had the prior claim of discovery, almost nowhere had they a claim of settlement. By the policy which they adopted the French gave themselves up to the purely negative work of checking the expansion of the English, sacrificing to this their own opportunities of development.

The effort required in grasping and attempting to hold such a vast range of frontier entailed a heavy drain upon the energy of the Canadian settlers, and a great outlay on the part of the French government. While the home country was recovering from her financial exhaustion, more was required to be done in Canada than could well be paid for by France, hence the Canadian treasury was chronically scraping the bottom of the meal barrel.

The Marquis de Beauharnois, governor in 1727, complains that the intendant M. Dupuy has so many commissions to execute for the king, that no one knows where he is to get the money, and the colony is in danger of finding itself quite without currency. The officers and soldiers are often in straits for their pay, and he hopes that the king will make a separate fund for paying the officers and troops, which the intendant cannot apply to other uses.

Unaware, like his predecessors, of the reasons for the draining away of the colonial currency, he falls back upon the usual proposal in such cases, namely, to artificially prevent the export of money. To him, as to others, the simplest expedient appeared to be the supplying of the colony with a special money not current elsewhere. His particular plan is to have the king issue a separate coinage for Canada, and to use this in making payments from the colonial treasury. And since the

Company of the Indies is obliged by its charter to pay cash for the beaver, there might be sent out annually 200,000 fr. for several years, to be given to the company with which to make its payments. Obviously this was to be given to the company in exchange for regular money, paid over to the government in France. In this way, it was said, the whole currency of the colony would come to consist of the special issue, which, being of value only in Canada, could not be sent abroad, while all over-sea payments would have to be made in letters of exchange. The governor seems quite undisturbed by the reflection that there would have been no occasion for undertaking the risk and expense of sending specie abroad if the colony had anything to its credit there upon which to draw letters of exchange.

During the same month the intendant makes his proposal for preventing the export of specie. As in the case of the governor's scheme, the basis of his proposal is nowise new, being no other than the long used method of increasing by one fourth in Canada the ordinary money of France. He admits that when formerly in force, this arrangement was of no avail, because prices in Canada simply increased in like proportion. The novel feature in his plan is that this should be prevented by the king and the company providing goods at the same rates as before, and trusting to make up for the loss on the money by the corresponding advantage which they would have in making payments in the country.

It were hard to tell which scheme shows the more trusting confidence, or charming simplicity.

In a despatch of the same autumn, combining the views of both governor and intendant, it is indicated that they would be thankful to have the Company of the Indies send out their copper again in the shape of suitable coin, and they hope that the company will be strictly held to the requirement of their charter to pay for the furs in ready money. Lately, it appears, the company had been making nearly all their payments in bills of exchange. Under the circumstances, these were better for the colony than money.

In making his report on the finances of the country for the same year, the intendant closes with the plea that the minister

will see from his report how much the colony will be in need of money for the coming year. He has referred to the want of money in other despatches, but now he urges it more strongly than ever.

Money had indeed become so scarce that ordinary exchange was greatly hampered. As a consequence, the expedient most naturally suggested by the circumstances and the former experience of the country, was resorted to. Private individuals began to issue notes or bons on their own account, and the needs of trade soon extended their circulation. Probably the first notes appeared shortly after the recall of the card money. The first mention of them which I have found is in a despatch of the governor and intendant in Nov., 1728, where they are referred to as already extensively used, and beginning to show their evil effects through failure in redemption. It is interesting to find that the French Canadians had become acquainted with private notes at so early a date.

The same document states that the people have made representations to the Canadian authorities, praying for the reintroduction of the card money, on the original plan of redeeming it each year, after the arrival of the vessels from France.

Finding that the merchants and other inhabitants were thus anxious for another issue of the card money, and recognizing in it a very considerable profit to the treasury, the king yielded to the request. The necessary authority was conveyed in an ordinance of the king, dated March 2nd, 1729. The preamble to this ordinance briefly states the situation, referring to the fact that the money taken out to Canada returns each year, leaving the country without currency. And since the people of Canada of all classes have expressed their desire to have the card money restored, the benefits to be derived from which are enumerated, therefore the king makes an ordinance, of which the following are the chief features. There shall be made 400,000l. of card money, of 24l., 12l., 6l., 3l., 1l., 10s., 15s., and 7s. 6d. The cards are to be stamped with the arms of the king, and written and signed by the Controller of the Marine at Quebec. The cards of 24, 12, 6 and 3 livres are to be signed also by the governor and the intendant or commissary-general of the country. The smaller cards are only to be initialed by

them. The cards are not all to be made at once, but at different times as needed. Special regulations are made to safeguard their preparation and issue, and on no account are they to exceed the authorized amount of 400,000l. They are to circulate in the colony at their simple face value, and are to be received at the king's stores in Canada for powder and all other merchandise sold at those stores. They will also be received by the treasurer in return for letters of exchange drawn on the Treasurer of the Marine in France, and they shall be a legal tender for all payments in the colony.

As these cards were to be prepared and issued in Canada, Hocquart, the new intendant, before leaving France in 1729, purchased 2,000 packs, 52 in each, of white cards of two qualities, with which to prepare the card money. Unfortunately, however, two-thirds of them were lost in the shipwreck of the king's vessel; hence they were compelled to use ordinary cards, to be had in Canada, for a part of the issue.

The intendant requests that the following year a fresh supply of 2,000 packs be sent out, in order that new card money may be prepared if any attempt is made to counterfeit that issued.

The proportions of the various denominations of the cards to be sent are to be as follows, which are also the proportions of those issued in 1729:

4,000	cards	of	24l.		making	96,000	livres
10,000	"	"	12		"	120,000	
10,000	"	"	6		"	60,000	
10,000	"	"	3		"	30,000	
20,000	"	"	1	10s.	"	30,000	
50,330	"	"		15s.	"	37,747	10s.
70,004	"	"		7s.6d.	"	26,251	10s.
174,334						399,999	

On these he asks to have engraved the year and the sum, with the names of the controller, the governor and the intendant. He asks also for three new stamps (poinçons)—on one the arms of the king, on another the arms of the governor, and on the third the arms of the intendant—in order that they may stamp the money at Quebec, apparently as it is issued. The

stamps, he says, should be difficult to counterfeit, and well engraved.

In the report of Beauharnois and Hocquart, Oct. 25, 1729, it is stated that of the first issue, which was then being made, 63,337l. 10s. in cards had already been prepared and handed over to the treasurer to be paid out.

The remainder of this report, taken in connection with a number of other documents of the period, is of special interest, as it enables us to understand clearly an important expedient to which the Canadians had resorted in their efforts to make exchanges.

It appears that each year from 1725 to 1729, the expenses incurred by the Canadian government had exceeded the receipts of the colonial treasury. When the cash was all gone the expenses were met by what were known in English finance of the period as exchequer bills, but were known in Canada as ordonnances on the Treasury of the Marine. The ordonnances, however, unlike the exchequer bills, did not bear interest. As these could not be cashed until the treasury was replenished, and as the persons receiving them, being either military officers, civil servants, or contractors, had necessarily many payments to make, the ordonnances came to be offered and accepted in lieu of money. Soon they were in general circulation in the business centres, being welcomed as a relief from the dearth of money, and much safer than private bons.

The circulation of the ordonnances naturally quickened the departure of what specie remained in circulation, because they represented an extra demand for goods, with no corresponding exports to balance them, hence there was a more urgent demand for specie to meet the adverse balance of trade. One special difficulty was met with in using these ordonnances as currency. Like ordinary promissory notes, they represented values of considerable amounts and inconvenient sums. Some one bethought himself of going to the official to whom they were ultimately to be presented, and asking him, in giving his receipts for them, to break them up into smaller and more convenient amounts. This he agreed to do, apparently with the sanction of the intendant. He gave small notes in exchange for the ordonnances, which, according to the intendant, produced a very beneficial effect on trade.

Here we have the circumstances which attended the first use of ordonnances as a currency in Canada. Although, as money, they were immediately suppressed, yet in a short time we find them in circulation again. It was this instrument of finance, somewhat modified in form and adapted for circulation, which enabled Bigot and his associates to carry on their system of wholesale corruption and embezzlement which contributed to the loss of the colony, the ruin of the French treasury, and the transfer of Canada to England, flooded with paper money in a state of confusion and discredit.

How many of the notes given for ordonnances were in circulation in 1729 the intendant did not know, but, after the departure of the vessels, he intended to call them in and replace them with card money.

The Canadian authorities were not very sure whether the sum of 400,000l. in card money would be sufficient to meet all the demands of the fiscal year then beginning. In case it should not, they ask the king to permit them to issue another 100,000l. of card money.

The king had evidently expected the issue of the card money to relieve him of all expenses in Canada for the year 1729-30. He had accordingly given instructions to draw no bills of exchange on France in 1729.

Nothing could have been more unfortunate, on the very threshold of another experiment with the card money. The order is one more evidence of the hopeless confusion in the official mind of the period, with reference to the nature of money and the principles of exchange? The card money might have supplied the place of specie in the internal trade of Canada, but it could not purchase supplies from abroad other than by relieving specie from circulation, and thereby permitting it to be exported. But the Canadian specie had already been almost entirely exported, hence the clamor for card money to meet the currency famine; hence, also, the resort to private notes and ordonnance notes for the means of exchange. Bills of exchange were, therefore, of as great necessity as ever to aid in making payments in France for the imports of the year.

The refusal to issue bills brought dismay to the colony. It

threw discredit on the card money, the prices in which began to go up at once, much to the alarm of the officials whose salaries were paid in cards. It also entirely upset the arrangements of the holders of the ordonnances, or the notes given for them, who had counted on converting them into letters of exchange before the sailing of the ships. The Canadian authorities did what they could to minimize the fears and disappointment of the people. To enable them to restore confidence, they requested the king to permit letters of exchange to be drawn, the following year, for not less than 250,000l., the exchanges given to each person to be in proportion to the amount of cards held by each.

The vessels which arrived in 1730 brought a severe reprimand to the Canadian authorities for permitting the circulation of small notes in return for ordonnances. By this time, however, they were all called in.

When these and other outstanding claims had been presented they amounted to 108,557l. 19s. 10d. The card money brought in for conversion into bills of exchange amounted to 167,791l. 2s. 6d. Both sums together made 267,349l. 2s. 4d. As only 250,000l. was authorized to be drawn in exchanges, the balance of the amount presented was returned to the holders in the shape of new card money. This transaction completed, it was estimated that the treasury would have on hand not more than 140,000l. in coin or beaver.

This amount, as the intendant points out, will be quite inadequate for the needs of the year, and he foresees the possibility of having to issue an extra 100,000l. or 150,000l. in cards. Now that confidence in the cards is restored by the exchanges drawn that year, he is of opinion that an extra issue to the extent suggested will be readily taken, without any risk to their credit. An alternative proposal is to permit them to draw a larger amount in letters of exchange, which would cause more card money to be returned to the treasury to be used again.

The 2,000 packs of new cards requested by the intendant were sent out, also two of the three stamps or dies asked for. But his request to have the cards printed before being sent,

instead of having them written in Canada, had not been met. The intendant complains that the work of signing so many cards is most tedious, the first issue having occupied the greater part of his time for the past year. He strongly presses his request to have them printed next time, maintaining that they will be perfectly safe. What reply was made to this I have not been able to discover, but, from the fact that the ordinance of 1733 provides for the issue of an extra 200,000l. in cards stamped with the arms of the king, and written and signed only by the Controller of the Marine at Quebec, would indicate that, while still not printed in France, yet the governor and intendant were relieved from the labor of signing each card.

In replacing the old issue of cards by a new one, the cards redeemed in letters of exchange were burned, and a corresponding amount of new cards turned over to the treasurer in their place.

Once confidence in the cards had been restored they were found to circulate very freely. It is worth observing, also, that, as soon as their conversion into bills of exchange was assured, specie ceased to leave the country, and apparently began to accumulate in the shape of savings in the hands of the ordinary citizens.

The reason for this is not far to seek. Bills of exchange, as a form of remittance, were much more convenient and less costly, counting risks, than specie, hence importers sought exchanges in preference to specie. But bills of exchange were obtained for card money, hence to the importing merchants card money came to be preferred to specie, especially towards the close of the summer. Specie, therefore, as it came to the country, tended to drift into the hands of those making savings, while the card money remained in the channels of commerce. At this period, however, there were not many avenues through which specie was likely to be brought to Canada, so that later on savings tended to be made in cards as well, their credit being good. Had the card money been issued on the authority of Canada, instead of France, or had it not been convertible into bills of exchange, the opposite effect would have been experienced, the cards driving out instead of conserving the

specie. These features will receive further illustration, chiefly on the negative side, under later and altered conditions.

Meantime, with the limited issue of 400,000l. of card money there was always a competition between the demand for cards with which to obtain exchanges, and the need for cards as a medium of exchange. These competing demands enhancing their value, a third demand for them as a saving fund, just referred to, was stimulated. Owing to the increase of rival claims, a diminishing proportion of the cards came back for redemption in exchanges. As the French government was sending little specie to Canada, permitting exchanges to be drawn instead, the Canadian treasury was continually in straits for ready money, and was forced to resort to ordonnances in increasing quantity. Under these conditions the treasury paper increased, and the card money decreased in the funds brought in for conversion into exchanges. These facts plainly indicated that more currency was needed to take the place of the treasury paper. So long as the exchanges were promptly paid in France there was no occasion for specially restricting the quantity of card money, the exchanges affording an automatic safety valve.

As matters stood, during the year 1731 the intendant found himself, as he had expected, in straits for ready money, and, with the sanction of the governor, had taken it upon himself to issue an additional 60,000l. of card money. For this presumption the Canadian authorities were again severely reprimanded. The extra cards, however, were rapidly absorbed, being actually far from meeting the need.

When the time came for drawing bills on France in 1731, only 136,489l. 9s. 8d. were presented in cards, about 95,000l. more being treasury paper. When, therefore, the 60,000l. of cards, which had been over-issued, were withdrawn and burned, the intendant was left with only about 75,000l. in the treasury to meet the expenses of the coming year. If he were not to be permitted to issue more cards the intendant wished to know how he was to meet his obligations. For the present he was left to the device of paying with ordonnances.

At this time letters of exchange were issued at Quebec for the expenses of Isle Royale (Cape Breton), and Fort Michilli-

macinac, the distributing centre for the north-western Indian posts, but these accounts were kept separately.

The fear of the intendant that some of the first issue of the card money might be counterfeited was realized. In June, 1731, the first counterfeits were discovered. The increasing tendency for the cards to pass into the country districts made it difficult to trace the false money, and as a great part of them no longer returned for redemption, the issue of the cards could not be readily changed.

The lowest denomination of the card money was 7s. 6d., which allowed of a considerable demand for copper sols as small change, which was increased by the greater facility for exchange afforded by the card money. In 1731 we find a special request made to the home government to send out the following year about 6,000l. in sols marquez. This request was granted, but the coins sent were a mixture of new and old, which were circulating in Canada at the time at two different rates, the new at 27d. and the old at 18d. In France they were indiscriminately rated at 24d. or 2s.

By an ordinance of the Canadian government, September 12, 1732, they were all rated at the same value as in France. In 1734 a second instalment of 6,000l. worth of sols marquez, or two sol pieces, was received, and a request was made for a similar amount to be sent the year following.

Before October, 1732, still more of the card money had leaked away from the commercial centres into the interior of the country, thus the governor and intendant had not only good ground for pleading justification, in reply to the reprimand for the over-issue of the 60,000l., but they were able to claim that an even larger issue was urgently required. This year, they say, very little card money will be brought in for conversion; it is now everywhere regarded as equal to coined money, and they are compelled to work almost entirely on ordonnances and treasury receipts, without which they would have to draw for more than the 250,000l. allowed them. It would be much better, they think, to use cards instead of this treasury paper.

The treasury paper, up to this time, included what are named in the documents, "ordonnances" and "acquits." The former were orders on the treasury given in discharge of claims

on the government. When these reached the treasury, receipts (acquits) were given for them, which were to be converted into bills of exchange just before the last vessels sailed for France.

From 1726 till 1729, inclusive, the expenses of the government had exceeded the actual payments made from appropriations, by 273,153l. 13s. 3d., which amount was represented chiefly by the cards and partly by the outstanding treasury paper.

The continued appeals of the Canadian authorities at length convinced the home government that an addition to the card money should be made. Accordingly, an ordinance of the king was passed, May 12, 1733, providing for an increase of 200,000l. of card money. The preamble to the ordinance recites the advantages which have resulted from the former issue of 400,000l. Being once more pressed both by the officials and the merchants of the country, the king has recognized the need for an extra issue to meet the expanding exchanges of the country, and accordingly authorizes this additional amount. The new cards are to be of the same denominations as the others, to be stamped with the arms of the king, and to be written and signed by the controller of the marine at Quebec.

In a letter from the intendant Hocquart to the minister, dated October 10, 1734, we get a glimpse of another feature introduced into the Canadian financial system, which was to prove of great service to Bigot and his friends.

Hocquart complains that he is losing control of the expenditure of the colony, inasmuch as very considerable expenses are incurred by other officers of the government over whom he has no control, but for whose orders on the treasury bills of exchange have to be drawn, while he is limited in his total drawings to 250,000l. each year.

This new feature was incidental to the Western expansion of the French power. Where work was being carried on and Indians bribed in regions so far away from Quebec, as the territory included between the Ohio, the Mississippi and the lakes, it had become necessary to permit the officers in charge to incur certain expenses in the king's service on their own

responsibility, and to pay for them by giving orders on the treasury at Quebec. In this way there grew up an independent claim, very difficult to control, upon the limited amount of exchange at the disposal of the intendant. How Bigot turned this method to account will be shown later.

The Western expansion, besides adding to the king's expenditure in the colony, was also increasing trade. At the same time the commercial interests of France were steadily recovering from the disasters of the bubble period, and the trade with Canada shared in the revival.

The extra 200,000l. in cards was easily absorbed, and still a steady increase was observed in the use of treasury paper as currency. The reputation of the card money was so firmly established that little of it came in for redemption. The treasury receipts being also convertible into exchanges shared the same confidence as the cards, among the merchants at least, and came to be that part of the circulation which they chiefly accumulated with a view to conversion into bills of exchange.

A distinction, in credit, had now appeared between the two elements of the treasury paper. The ordonnances becoming more numerous, and hailing from distant quarters, were not always promptly accepted by the treasurer. But when accepted and receipts issued for them the receipts were always received for exchanges. Hocquart says in 1734, that when drawing bills he makes no distinction between treasury receipts and cards. At the same time the intendant, observing that the receipts had a narrower circulation than the cards, proposed to the minister a third issue of the card money, to the extent of 120,000l., to pay off the receipts, and thus give to the country a medium of wider range, and consequently of greater usefulness. This plea, however, was not heeded at the time.

In 1735 we get a glimpse of currency and exchange aspects at Montreal, which may be taken as representative of places not immediately in touch with the colonial treasury at Quebec.

De Beaucourt, commandant at Montreal, writing to the minister in that year, says there is no coined money at Montreal, at least it is never seen. He apparently obtains his supply of

funds but once a year, and that in letters of exchange brought up from Quebec. These he is obliged to sell for cards and notes, the latter issued by M de l'Evy in connection with the fortifications. It is to be remarked that for a time after this the ordonnances on the treasury were referred to as notes (billets). That the notes did not enjoy the same currency as the cards is evident, for he speaks of the difficulty of passing the notes in exchange for the services of which he stands in need. Quite generally he says prices are higher in paper than in specie.

The amount of card money remaining limited, and the expenses of the government increasing, without apparently a corresponding expansion in the amount of exchanges authorized to be drawn, the country began to fill up with treasury paper, especially the unaccepted notes or orders on the treasury. Thus governor Beauharnois, writing to the minister in October, 1740, desires to bring to his notice the great quantity of notes in circulation, issued partly at Montreal and partly at Quebec. As the governor complained, there was no proper check on these issues. In most places of issue everything was in the hands of the commanding officer, or some other single individual appointed to look after supplies. In this way the field was being prepared for Bigot, who is not to be accused of creating a system which he found on his arrival all too temptingly arranged for him.

The same year, 1740, de Beaucourt, again writing from Montreal, complains that he has no money, and has been compelled to borrow from the merchants, not having time to go down to Quebec to get letters of exchange. As they refuse to grant letters of exchange for the treasury notes which he has given, he finds himself completely discredited.

Thus we perceive the beginning of that over-issue of treasury paper, which ultimately destroyed its own credit and that of the cards as well. And yet throughout the second period the cards were penuriously limited in amount to prevent this very danger. The reason for the over-issue was that the treasury paper in its origin had nothing to do with currency, but was simply used as part of the financial machinery of the government. Yet, from passing into circulation by reason of the small supply of money, and, when increased in amount,

ceasing to be freely and completely converted into exchanges, it produced a dropsical condition of the currency, and vitiated the normal function of the card money. Meantime, as if to emphasize the contrast, a temporary improvement took place.

About 1740 the restriction on the exchanges drawn on the French treasury, hitherto limited to 250,000l., was removed, and the amount drawn for rapidly increased under the influence of another open struggle between the English and French colonies in America. At the same time Canadian trade had reached a very flourishing condition, with remarkable consequences for the currency and exchanges.

Meanwhile, the proportion of treasury paper to card money was rapidly increasing, though owing to the removal of the restriction on the exchanges, it ceased to injuriously affect the currency of the colony. In the autumn of 1741, there was returned to the treasury, for conversion into bills on France, 176,000l. in card money, and about 464,000l. in receipts and notes. Letters of exchange were drawn to the extent of 622,063l. 13s. 7d., which may have included the amounts for Isle Royale and Michillimacinac. All the cards presented were converted in full. Of the treasury paper, three-fourths were converted into exchanges, and the remainder paid in card money.

This transaction completed, there remained in the Canadian treasury only 52,000l. in cards. Of this, 15,000l. was sent to Montreal, 22,000l. set aside for the purchase of provisions, etc., leaving only 15,000l. in the treasury at Quebec for current expenses.

This same year it is reported that the Canadian exports of all kinds have exceeded the imports by about 300,000l., causing an advance in the price of French goods to the extent of ten or twelve per cent. As a consequence of the favourable balance of trade, taken in connection with the very great increase in the exchanges drawn by the government, for the first time in the history of Canada exchanges on France were at a discount, and card money passed to a premium. The treasury receipts were well sustained, and only the treasury notes, or unaccepted orders, were below par. When the last vessels had sailed the

merchants and others sought to convert the surplus exchanges into currency for use in the internal trade of the country.

In the presence of this situation, the governor and intendant again urged the feasibility of issuing an extra 200,000l., or at the very least, 120,000l. of card money.

Having brought the country to this high water mark of monetary soundness, we may pause before beginning the descent towards the era of the Conquest.

ADAM SHORTT

QUEEN'S UNIVERSITY, Kingston

TITUS POMPONIUS ATTICUS—ROMAN BANKER

ALTHOUGH there is no end to the writing of new books, yet there would seem, at all times, to be room enough for a new edition of the Letters of Cicero. Why these letters preserve their interest, the world over, is not hard to understand; they deal largely with the most interesting period of Roman history, and then they are by common approval the best written letters in the world. Those of them that were written to Atticus possess a peculiar attraction for us, because they enable us to become acquainted with a Roman banker who was not only successful in his business, but who accomplished a scheme of life which he had laid out for himself beforehand, and who succeeded in obtaining a name in literature far beyond his expectations. Atticus, like most men in his line of business, was a man of peaceful instincts, but unfortunately for his mental composure he lived at a time which was very far from peaceful. In his youth the republic had already given signs of the break-up which was ultimately to overtake it. Sulla, who was then in power, favored the aristocrats at the expense of the multitude, and these short-sighted patricians took advantage of their position to grab and confiscate everything in sight. The breach between the aristocracy and the populace was gradually widening, and these latter were looking about for a leader whereby they could resist the encroachments of covetous Senators. Their desire for leadership explains the popularity of Catiline, who was little else than a fraud, and also of Clodius after him, who was no better.

At length when Julius Cæsar, who was probably the instigator of the efforts both of Catiline and of Clodius, saw what he could do by means of popular support, the term of the Republic was up, and that noble regime ended in a total collapse. For a part of the time, during which the agony of

the Republic went on, Atticus was away from Rome, and hence it is that we have so many interesting details concerning these events, because, although he lived in Athens, yet the Eternal City seemed to be in his mind all the time, and he was only too eager to get letters from Cicero, who was at the centre of affairs in Rome. It is unfortunate for us that the replies of Atticus to these letters have not been preserved. Still, from those of Cicero we are enabled pretty well to make out what he said and thought.

When Atticus was in his twenty-second year, an event occurred which apparently aroused him at once to formulate in his mind the theory of life, by which he henceforth regulated his existence. His brother-in-law had been put to death by Sulla, and although he was himself on friendly terms with the great Dictator, yet he determined that it would be safer for him to renounce all idea of mingling in politics—a decision to which he strictly adhered.

In order to carry out this idea the more effectually, he resolved to quit Rome, and to take up his residence in Athens, with all his belongings, estimated at $80,000. During his stay in Athens, which was about twenty years, he occupied himself in the cultivation of Greek art and letters, combining therewith a ranching business in Epirus, where he had acquired an extensive tract of land. In order that his farming operations might be made fairly profitable, he joined thereto a trade in slaves, whom he fattened and trained as gladiators, possibly to be sold for the purposes of the great shows at Rome. An operation of this kind seems to us to be somewhat reprehensible for a banker, but it only goes to show that when the times change we change in them, and it also illustrates how far the public mind will drift away from sane notions under the influence of a fad. A consular returning to Rome from his province at the expiration of his term of office, had but one thought in his mind. This was to secure a triumphal entry into the city. He was generally pretty well supplied with ill-gotten gains wherewithal to buy wild animals and gladiators for the exhibition of games expected of every returning conqueror. It may readily be believed that the Roman public did not closely scrutinize his claim to be considered a real conqueror; it sufficed

for them that he should make a good display, and, very often, the request for a triumph was based on little else than a small bush fight with a few marauding barbarians. At any rate, there was a lively demand in these times for gladiators, and as Atticus had a good eye to the main chance, he no doubt saw better opportunities to make money in an article of luxury like this, than in the farming of corn, wine and oil. It must be explained, however, in justice to him, that there was a trade in gladiators, whereby they were let out to the smaller towns for mimic fighting, in which there was no killing done; and thus it may appear that he was a pagan showman, somewhat after the manner of Barnum.

Atticus returned permanently to Rome in 687, or seventeen years before the great struggle between Pompey and Cæsar. He came back in order to take possession of an estate bequeathed to him by his uncle Cæcilius, which consisted of real estate in the city, and of cash, valued altogether at $400,000. This large fortune, added to what he had before, equipped him with a capital of half a million dollars, wherewith he henceforth carried on the business of banking in Rome.

Banking in Rome in latter republican days, was conducted largely upon accommodation paper. There was a borrowing public sufficiently large to keep up a steady supply of notes, consisting, as it did, of three orders of patricians. There was first the nobleman of large possessions in lands and slaves, whose needs for ready cash were always considerable, on account of the enormous establishment he had to maintain. Then, there was the politician of senatorial rank, who was constantly in want of money for purposes of political corruption, and for the means whereby his popularity should be kept up with the proletariat by pandering to their desire for amusement. A loan to a borrower of this kind could scarcely be rated A 1, yet no doubt it was always transacted in view of his immediate chances of getting a province to govern, when he was sure to make a haul. In addition to these two classes, there was a third class of borrowing aristocrats, namely, the new men who had received the benefits of the land which had been confiscated by Sulla, and who being in possession of a large landed property, required cash for the purposes of vulgar display.

The legal rate of interest in those days, was 12% per annum, but the borrowing rate varied from 1 to 4% per month. By a custom of the trade, the interest on a loan was payable in cash at the Ides, or on the 15th of each month ; and although the loan may have been made for a longer term than thirty days, it would seem to have been exigible upon default in the payment of interest. At any rate, the lender appears to have retained the right to change the rate of interest every thirty days. Cæcilius, who had also been a banker by profession, did his lending at an invariable rate of 1% per month. He is reported by Cornelius Nepos as having been a man of difficult nature—"difficilima natura"—meaning thereby that he was as hard as nails. It was therefore not from any tender regard for his clients that he was moderate in his rate, but rather that he might get good paper. Atticus apparently did not follow in his conservative footsteps; he took greater risks, but is reported to have been very vigilant in looking after his customers, and to have been rather inflexible on the due date of the note. It is quite evident that he was keenly alive to the monthly changes in the rate of interest, because Cicero says, in writing to him on one occasion: "I will give you a point ; interest went up at the Ides," and then the writer chuckles at the idea that this bit of information would give infinite pleasure to his financial correspondent. As bearing upon the risks which he took, in view of larger profits, there is an allusion made by Cicero to a loan which Atticus made to Julius Cæsar, who was at that time carrying on the conquest of Gaul. The financial position of Cæsar then, may be compared to that of a second class American railway corporation. He constantly had a large floating debt, subject to a good deal of renewal. The advance which Atticus had with him amounted to $150,000, but at the same time Cæsar owed considerable amounts to Pompey, which apparently were somewhat in arrears. Atticus, by his superior vigilance, sailed in and got his money, to the detriment of Pompey, who had to wait. The chagrin and disappointment of the great Pompey was in consequence a matter of secret merriment between the correspondents.

There was another mode of investment, which consisted of advances to the Provincial municipalities, which was

considered less reputable in its character, and which, on that account, was avoided by staid and respectable bankers. Nevertheless some very prominent persons did indulge in that kind of business on account of its tempting returns; but inasmuch as there was a taint attaching to it, they generally carried the transaction in the name of an agent, who went out to the scene of operations in some political capacity connected with the government of the Province, or probably as one of the farmers of the revenue.

The official position of the agent facilitated him in the collection of the interest, and where the pro-consul was friendly, it insured the services of the military to browbeat the borrower, when necessary.

It is reported that Pompey sometimes dabbled in these discreditable transactions, but our surprise is greatest when we find that Brutus also engaged in them. The popular conception of Brutus is that of a man with a pale face and a dreamy eye, who spent much of his time in the philosophical contemplation of the sublimer virtues, and whose private conduct was regulated strictly in accordance with the dictates of a pure and lofty spirit. Junius Brutus, who killed Cæsar, has never been considered as an ordinary assassin: he is supposed to be the high-minded lover of his country, who could not endure to have his fellow-citizens enslaved by a would-be king, and yet we find this man of exalted political principles stooping to a transaction in money, which we should now-a-days characterize as a boodling operation.

About 702 certain Salamanians from the Island of Cyprus, had come to Rome with the object of borrowing money for their municipality. They found that there was a defect in their borrowing powers which hindered them from getting the money, or which at any rate obliged them to pay a higher rate of interest for it. In their quandary, they appealed to Brutus to aid them, and when he had found out how much they were willing to pay, he undertook to pass a bill through the Senate which should make their loan legal, and then he took it on his own account through an agent named Scaptius, charging the modest rate of four per cent. per month for the money. The loan was a weak one, and caused him trouble from the start. In order

to extricate himself from this difficulty, he appealed to Atticus for his influence with Cicero who had just gone out to the government of Cilicia. Atticus prudently withheld from Cicero any knowledge as to the connection of Brutus with the loan. He recommended Scaptius to the kind offices of the pro-consul, and Cicero, without knowing any more about the transaction, undertook to assist him, but he soon found out very much to his disgust, that Scaptius was one of those individuals who at the present day are said to "want the earth." He would not forego a dollar in his exorbitant interest, and besides that he wanted a situation whereby he should be at liberty to torment the weary and insolvent Salamanians. Cicero, who had already issued a proclamation reducing the rate of interest upon arrears of debt within his jurisdiction to 12% per annum, could not abide the crushing demands of this man. He therefore advised the debtors to deposit the money in a temple, which was the legal way at that time of stopping the accumulation of interest, and having done this he wrote Atticus that he washed his hands of this discreditable matter. Great was his surprise to learn thereafter, that Junius Brutus was the principal in this transaction, and greatly was he perturbed in spirit to think that his quondam philosophical friend should descend to such heartless extortion.

The space of time extending from the return of Atticus (687) to the commencement of the civil war between Cæsar and Pompey (703), was a period of rather violent commotion for a man of his quiet tastes, yet it would seem scarcely possible that he could have foreseen the outcome of their wrangling, or predicted anything half so disastrous as the dramatic encounter which occurred at Pharsalia. The situation resembled in more than one important respect the present Spanish war. Cæsar, the stronger man of the two, seemed to be sincerely desirous of evading the resort to arms, and Pompey, the weaker man, kept on shuffling in a bombastic manner without preparing for the collision, which, when it did occur, exhibited to the surprise of everybody that he was thoroughly incompetent.

This period, although it was filled up with political agitation, was for those like Atticus who survived it, a time to be remembered for its stimulating effects upon the imagination.

The conquest of Gaul, as it advanced step by step, opened out a commercial outlook such as Rome had never seen before. It was a Klondike opening out to view, but it was even better than that, because it was at once productive to the mother country, and its first year of peaceful administration yielded $20,000,000 to the Roman treasury.

The mental awakening also, which went along with these agitations, and which was in a measure produced by them, resulted in permanent works of literature, which have been the admiration of the world ever since. Cæsar, who united in his personality the highest qualities of a statesman and a general, comes down to us in literature as one of the lords of language. With all deductions made from the orations of Catiline, for the somewhat nauseating reiteration by Cicero of his own praises, yet it is manifest to anyone that these discourses, when adequately translated, are marvels in their clearness and splendour of expression. Catullus the lyric poet, is to this day the consummate worker in words, and is spoken of by Tennyson with emulous admiration. And finally, in the department of higher thought, Lucretius did in a striking manner anticipate the theory of evolution, which in this generation has been elaborated by Herbert Spencer.

The best wits of the day were republican in sentiment, and so was Atticus, although he continued to make a great show of neutrality in politics. He gave literary entertainments in the modest mansion on the Quirinal hill, inherited from his uncle, considered by those who partook of them as being meagre in the fare, for it is said by his biographer Nepos that they were remarkable more for their attic salt than for their sumptuousness.

His friends did not fail to upbraid him for his settled determination not to interfere in affairs of state, and it required some wriggling on his part to defend himself, when it was apparent to them how he inclined. He used to say with a manifest allusion to the exceeding corruption of the times, that he was not rich enough to be a politician, and again, he professed to be a follower of the precepts of Epicurus, according to which contentiousness and war were things abhorrent to the soul. During

the culminating events of the civil war these reasons became too transparent for further use, and finally he had to claim exemption from military duty on the ground that he was past the age. It must be admitted that his defence was not heroic, especially when judged by the standard of his own day. But there is a touch of modernity about it which arrests our attention, for Lucretius, his contemporary, foretold that the war spirit would cease in time, and be succeeded by a commercial era, surpassing it in glory.

It may be supposed from the correspondence that he had a better reason for keeping aloof from the republican, which he did not reveal, and this was, that both he and Cicero had discovered how hollow the pretensions of Pompey were to the title of "Magnus," popularly accorded to him.

We see from the replies of Cicero that Atticus had been quietly in favour of a more conciliatory behaviour to Cæsar. This was advice that Cicero would not willingly receive. He pretended to be under everlasting obligation to Pompey for services rendered in connection with his return from exile, but apart from that, there was his political record in which he had repeatedly extolled Pompey to the skies. It is reasonable to believe, however, that literary jealousy of Cæsar blinded him. Be the reason what it may, they kept twisting their hands in helpless indecision until Pompey was utterly routed. Then, each one for himself, crept into favour with the conqueror as best he could.

It is probable that Atticus conformed at once without a word; but concerning the reconciliation of Cicero, this was a matter for more diplomatic treatment. Cæsar, who wanted an ingenious talker to defend his own dubious deeds, invited him over. Those who wish to know how cleverly one man may compliment another whom, in his inmost soul, he hates like poison, should read the "Pro Marcello" of Cicero.

Sudden transitions in politics are embarrassing, especially when one has as many things to unsay as Cicero had; but Atticus, who was endowed with the golden gift of silence, lightly treated somersaults of this kind. He used to say, rather fantastically, that one must always bend with the times. He performed two similar evolutions subsequently. He submitted

to Marc Antony, whom he conciliated by making advances, without interest, to his wife Fulvia. And finally he accepted the empire, gradually winning his way into the graces of Augustus.

We must construe the vacillation of Atticus in political matters with a certain amount of charity, because although the victory of Cæsar was ultimately advantageous to the nation, still the primary motive to action in both Cæsar and Pompey alike, was a desire for personal aggrandisement.

Putting this perplexing question aside, we see more clearly that as a man, Atticus had exemplary virtues, which were then somewhat rare. His biographer says that he was not a liar, and that he could not endure liars ; and inasmuch as he was not fond of law, it may be presumed that when a customer deceived him he did not capias him, but quietly dropped the account. Unlike many of his neighbours, he was not the owner of a fine mansion at every fashionable resort. The unpretending dwelling of his uncle was good enough for him, and he loved to preserve it in its old-fashioned state. Greatly did he differ in that respect from his friend Cicero, whose villas were manifold.

He had the faculty of making friends and of keeping them. It is therefore with a great sense of propriety that Cicero dedicated to him his celebrated essay "De Amicitia." The author had reason to know from long experience how cheerfully he responded in all friendly offices, and no one was more exacting in that respect than Cicero. He was always up to the neck in private and domestic trouble. His son was a drunkard, his brother was an impossible person who was always in hot water, and his wife was violent and unsympathetic, and not altogether to be trusted with money. Besides that his financial affairs were continually in confusion, the sorting of which fell to Atticus.

By an untimely stroke of fate Cicero's daughter Tullia died, and this was for him a sorrow's crown of sorrow, because she was an accomplished woman, whose talents he had cultivated in studies akin to his own. It will be seen therefore that he, who was supersensitive under adverse fortune, was in especial need of the sustaining sympathy of a close friend, and it was in Atticus only that he found a friend altogether after his own

heart. The passages in his letters relating to the death of Tullia mark the characteristics of both men. Cicero had met with an inconsolable loss, the magnitude of which he proposed to make visible, by building a temple to her memory which should be costly. It was to have columns in front of it, which it appears were taxed at that time as being articles of great luxury. Then it was to be placed at some spot well in view of the citizens, and on that account hard to acquire. The financial arrangements therefor were left to Atticus, and he was expected to raise the necessary money out of a debt due to Cicero, which had quite evidently gone into the doubtful column.

Atticus, who appreciated the monetary difficulty, and who besides, was not a man who loved vain display, suggested Tusculum, as a site more suited to the circumstances of the case, because Cicero's Tusculanum was his own place of predilection, and the spot to which he generally retired to refresh his spirit by calm study. But Cicero, whose genuine feeling of grief was tangled up in a rank growth of false sentiment, due to the desire for self-glorification, hankered for a site in Scapula's garden, close to the Campus Martius, a thoroughfare of the city, where at all times the required crowd was assembled to witness to the gravity of his loss.

This project, which he so earnestly desired, suddenly dropped out of view, owing to the thickening of political troubles consequent upon the death of Cæsar. In the confusion that ensued Antony masqueraded as the man designated by Cæsar to take his place at the head of affairs, and Cicero burned with shame and indignation at the excesses which he was committing. The temple and the pillars and all had slipped out of his mind, giving place for the materials of that great commination whereby he was to blast the name of Antony to all future ages. It is herein that his sense of loss takes a higher range, and instead of being the expression of regret for the death of one person, it is a lamentation for the Republic, which was just then dead.

If Tullia in her second state sublime preserved that hoarding sense of earthly things in which Cicero believed as well as Tennyson, she must have looked down upon him with smiling approval.

Cicero was killed by Marc Antony's men in 708, and Atticus survived him by twelve years, and having in that interval found favor in the eyes of Augustus, he improved his opportunity to make a family connection near the Throne. Attica, his daughter, concerning whom Cicero speaks so pleasantly, was married to Aggrippa, the favorite of the emperor, and it was through that connection that his granddaughter became the wife of Tiberius, the step-son of Augustus and heir to the empire.

What he thus did with the deliberate intention of adding lustre to his name was, humanly considered, a well-conceived plan, whereby he should afterwards be remembered for a measureable time at least, but what he less consciously effected as the correspondent, companion, and literary editor of Cicero's works, is his memorial, outlasting that other in an incalculable degree.

Atticus died in the placid surroundings of his own home, and was attended to the grave, as Nepos says, by all the good people—(Comitantibus omnibus bonis).

He was buried alongside the Appian Road at the fifth milestone.

THOMAS MCDOUGALL

Quebec Bank, Montreal, Aug., 1898

POSTAL NOTES AND MONEY ORDERS

THE announcement has recently been made by the Post Office Department of Canada, of the issue of "Postal Notes," and it may be of some interest to examine the differences between these and the ordinary money orders of the department and other money orders, such as have been issued for a short time by the express companies in Canada and are just now being issued by the chartered banks.

The money order business of the Government had grown by 1897 to the following figures for the year ended June 30th, 1897.

Number of money order offices in Canada at that date, 1,349 (on 1st July, 1897, 378 new money order offices were established, making a total of 1,725 for the latter part of that year).

Number of Money Orders issued for year	1,162,209
Total value of " " " " "	$12,987,230

These figures showed an *increase in number* over each of the two preceding years (viz., 31.057 over 1895-96, and 70.157 over 1894-95), with a *decrease in amount* (viz., $94,629.74 less than 1895-96 and $258,759.31 less than 1894-95). Indeed the continued fall in the average amount of the money order is marked.

	Average Value of Orders issued	Average Commission received
1868.....	$37.18.....	33.21 cents
1878.....	26.10.....	21.10 "
1888.....	17.30.....	12.85 "
1890.....	15.37.....	12.31 "
1895.....	12.07.....	9 80 "
1896.....	11.56.....	9.42 "
1897.....	11.17.....	9.0634"

One reason for this, no doubt, is the development of banking facilities, the much larger proportionate number of people

who keep banking accounts, and the consequent use for remittances of bank cheques. We know it has grown to be a custom with retailers to send cheques to wholesale houses, leaving the latter to pay the commission thereon—a species of "sponging" to which competition has led the wholesale houses to submit. The use therefore of bank cheques, bank drafts (which have been cheapened in cost), and of late years express company money orders, has no doubt lessened the demand for the larger post office money orders on which the commission was expensive; while on the other hand there has been no doubt a greater diffusion of trade, a very great development of small trade transactions with the larger cities and between different communities (such as, for example, the mail orders of large departmental stores) calling for remittances of quite small amounts.

The post office money orders have thus been increasingly used for the smaller amounts only—the part of the business which by itself is quite unprofitable, as it has been estimated in the department that the average cost to the government of a money order is 9.610 cents. (Report of the Deputy Postmaster General, 1897). The total cost of the money order system during the year was estimated at $111,694.95, while the gross commission received was $105,332.57, and the net accruing to the department, $74,675.62.

It was felt advisable, therefore, to make some revision of the charges for money orders, and a new scale was instituted April 1st, 1897. It will be convenient for comparison hereafter to give here along with the old and new rates on Post Office money orders the charges on Express Company and Bank money orders, and also the rates on the new postal notes:

	Old Rate Government Money Orders	New Rate Government Money Orders	Express Money Orders	Bank Money Orders
	Cents	Cents	Cents	Cents
For Orders up to $2.50 ..	2	3		
" " 3.00 ..	..	..	3	
Over $2.50 " 4.00 ..	2	4	..	8
" 3.00 " 5.00 ..	..	..	4	
" 4.00 " 5.00 ..	5	4	..	
" 5.00 " 10.00 ..	5	6	6	
" 10.00 " 20.00 ..	10	10	10	10
" 20.00 " 30.00 ..	20	12	12	12
" 30.00 " 40.00 ..	20	15	15	14
" 40.00 " 50.00 ..	30	20	18	
" 50.00 " 60.00 ..	30	24	20	..
" 60.00 " 70.00 ..	40	28	..	..
" 60.00 " 75.00 ..	..	..	25	..
" 70.00 " 80.00 ..	40	32	..	..
" 75.00 " 100.00 ..	..	..	30	..
" 80.00 " 90.00 ..	50	36	..	..
" 90.00 " 100 00 ..	50	40	..	..

For amounts exceeding $50 banks usually issue ordinary drafts at low rates.

For a Postal Note for	20 cents	1c.
do do	25 cents	1c.
do do	30 cents	1c.
do do	40 cents	1c.
do do	50 cents	2c.
do do	60 cents	2c.
do do	70 cents	2c.
do do	80 cents	2c.
do do	90 cents	2c.
do do	$1.00	2c.
do do	1.50	2c.
do do	2.00	2c.
do do	2.50	2c.
do do	3.00	3c.
do do	4.00	3c.
do do	5.00	3c.

It was felt, however, that to make an effective saving on the money order business the smaller amounts must take a simpler and more attractive form, one costing the department less proportionately in book keeping, forms, etc., and the "postal notes," which under the name of postal orders have been in use in England, along with the money order system, since January 1, 1881, have been introduced.

NOTE—In Great Britain the average cost to the Department of a Money Order has been estimated at about 3d., while in the United States estimates have ranged between 8 and 10 cents.

The name postal note some may think not entirely fortunate, as it suggests something to pass from hand to hand, and as such might be suspected of an intention to become a sort of currency, but that is not contemplated, as will be explained later. The designation "note" was chosen in the department to prevent any confusion between this instrument and post office money orders. In Great Britain the only distinction in name is that the older and larger is called a "money order," and the smaller and less formal instrument a "postal order." Both being issued by the post office, the distinction does not seem great enough. The latter might have been called "postal cheques," but the designation "note" has been in use elsewhere (in New Zealand since 1886), and their being labelled "not negotiable" was against their being called "cheques."

There was another and very important reason for giving to the public a cheap and quickly obtainable medium for transmission of very small sums—namely, to prevent the use of postage stamps for remittances and payments. The use of postage stamps for these purposes had grown to large dimensions, and the government was subject to a large loss thereby, for, except in city offices, the post masters are paid (on a sliding scale) according to the "revenue," so called, of the offices —which amounts broadly speaking to a very large percentage on the face value of the stamps sold through them. It is easy to understand how this system could be abused, and that often the amount of stamps apparently used at an office bore no relation to the amount of postal business actually done. It is curious, indeed, to hear the devices adopted by some post masters for increasing the "revenue" (?) of their offices—how some have paid their grocery bills in stamps, and how one enterprising official in a country town, it was discovered, was paying his daughter's fees at a large seminary in this way, which made the net payment by him very satisfactory to himself in comparison to the usual fees. It was estimated two years ago by the department, that as much as $100,000 per annum face value, in postage stamps, was sent into Toronto in the shape of remittances from the country. As the government redeemed unused stamps at a deduction of only 5%, it can be seen to what a heavy loss the department was subject by the misuse of

postage stamps as a medium for payment. To do away, therefore, with what was in a large measure a fraudulent use of stamps these have now been made irredeemable from and after October 1, 1898, and that there might be as little excuse as possible for their use in even very small sums, the "postal note," obtainable with much more celerity and ease than a money order, and much cheaper for sums under $5, has been brought into use.

The form of Government money orders, and most of the regulations regarding them, are of course familiar to most of us, but it may be worth while setting out some particulars regarding this new issue by the Government of documents for the transmission of money.

The postal note is printed on thin, tough paper, much in the shape and size of a bank note (slightly larger), and is thus convenient for folding.

There are to be sixteen denominations from 20c. up to $5, and each denomination is watermarked in letters and figures with its relative amount. Of these only six have at the time of writing (Sept. 28th, 1898) been brought into use, viz., 25c., 50c., 70c., $1.00, $2.50 and $5.00. Three more, 40c., $1.50, $2.00, will shortly be ready for issue, later on 30c., 60c., 80c., 90c., $3.00 and $4.00 will be included, and finally that for 20c. *Odd cents* up to nine in a remittance may be made by affixing to the face of a note postage stamps to the required amount which must *not* be cancelled. The notes require only the signature of the official handling them, and one impression of the office stamp, and are issued with name of payee and place of payment blank, so they can be purchased with as much ease nearly as postage stamps. The purchaser is warned that before parting with the note he "must" fill in name of payee and "may" fill in the name of the money order office at which payment is desired; but as no register is kept of the purchasers, it is plain that although they are marked "not negotiable" these notes can pass from hand to hand for a time if so desired, and the holder who finally decides to cash one has only to fill in his own name as payee, name of office at which he presents it and sign the receipt at foot. However as there is no object in paying a premium on what is to be used as ordinary money, and there is

a penalty for non-presentation after three months from the end of the month of issue, there is evidently no intention nor any likelihood that these should in any degree be supplementary to the present currency of the country or displace any portion of it. These are to be regarded therefore as only another medium provided for the *transmission* of money in small sums.

These notes are, as I have said, by their terms made "not negotiable," as the department does not wish to have more than one person to deal with, but the chartered banks are evidently to be utilized, not only in order that the document may be made safer to the purchaser and payee, but that objection as to the payee having to make a visit to the post office specially is to obviated—*by the Banks!*

So much handling of these notes by Banks is evidently expected that it may be worth while quoting in full the regulations sent to the postmasters in this relation:

(From the Book of Instructions to Postmasters)

PAYMENT OF POSTAL NOTES PRESENTED THROUGH A BANK

25. 1st. When a postal note bears across its face an addition of the word "bank" between two parallel transverse lines, either with or without the words "not negotiable," or simply two parallel transverse lines either with or without the words "not negotiable," that addition constitutes a "crossing," and the note is crossed *generally*.

2nd. When a postal note bears across its face an addition of the name of the bank between the lines, either with or without the words "not negotiable," that addition constitutes a "crossing," and the postal note is crossed *specially* to that bank.

26. The following rules must be observed with regard to "crossed" postal notes:—1st. A postal note crossed *generally* must not be paid except to a bank. 2nd. A postal note crossed *specially* must not be paid except to the bank to which it is crossed. 3rd. No postal note may be paid even though presented by a bank unless the name of the payee be inserted in the body of the note.

27. If a postal note which is crossed, whether generally or specially, is presented for payment by or through a bank, by some person well known to be in the employment of the bank, if the name of such bank is written or stamped on the face of the note, *that name may be accepted as a sufficient receipt* for the amount of the note, and the note may be paid without any other

receipt; provided, that when a postal note is crossed specially to a second bank as agent for collection, the written or stamped name of such second bank upon the face of the note may be accepted under this regulation.

28. A postal note which is crossed generally or specially, if presented for payment by or through a bank, may be paid at any Money Order Office in the Dominion of Canada, notwithstanding that the blank has been filled in with the name of some particular money order office, or left unfilled in that particular.

29. When postal notes are presented for payment by a bank, the postmaster must satisfy himself that the notes are genuine, that they are impressed on the face with the name of the bank, that in the event of three or more months having elapsed since the last day of the month in which any one of them was issued, the requirements* of Rule 21, sub-section 4, have been complied with.

It will be noticed that the Department is content with the written or stamped receipt of a bank with or without that of the payee named in the body of the note. It is stipulated by the Department that "after this note has once been paid, to whomsoever it is paid, the Postmaster-General will not be liable for any further claim."

It seems as if there were some awkward possibilities for the banks in connection with these documents. We have here an intimation to the public that the banks will handle these notes, and any holder of one can by "crossing" it force his own bank or the bank of any subsequent holder, either to cash it, or to take the invidious position of refusing to deal with a Government voucher. The non-negotiability of the instrument will not be understood by the public, or if understood will be forgotten or ignored, and in any case where the real owner of the note has not received value he might put the bank to some trouble,—not the Department, who have cut themselves free from any claim.

However, objections of this kind may be more technical than practical. As the maximum of an item of this kind is only $5, the amount of actual loss could only be small, and while there may be some little trouble to the banks as regards these items, no doubt they will willingly assist in what is a

*i.e. the penalty paid by stamps on back of note.

commendable effort of the department to adjust the provision of a public facility (i.e., the transmission of very small sums) without loss to the country. It is confidently estimated that within three years the use of these cheaper instruments will be such as to save the government from any actual loss on the business, while the contingent gain through making stamps irredeemable, as has been indicated, will be immediate.

In addition to the trouble of sending for repayment to the post office all postal notes cashed, the date of each note will require careful scrutiny, as a penalty is exacted for non-presentation for payment within three calendar months after the last day of the month of issue. The penalty is the payment again of the amount of original commission for every such period of detention, arranged by affixing a postge stamp or stamps to the back of the postal note, which stamps are to be cancelled by the postmaster at time of payment.

Information for the public, by way of either suggestion or regulation, are printed on the face of each postal note, but, of course, these will not be really studied by one out of fifty people who will handle the documents.

The issue of money orders by express companies was begun in Canada in 1892; the Canadian Express Company began the practice then, and were followed by the Dominion Express Company about 1896. They have both made comprehensive arrangements for the payment of these orders in the United States and certain foreign countries, and this competition the banks must recognize. The experience of the express companies varies, so far as the writer has been able to learn. One company states that its average money order is not above $10, while another from figures exhibited, seems to average over $20. The fact that these orders are payable in the United States particularly, and also in certain foreign countries, and that they are obtainable at hours when banks are closed, gives them some advantage. One express agent has stated that the most important demand from him for these orders is late in the afternoon or in the evening. Another agent has stated that a large part of his business in this line is a demand from mercantile houses in settlement of small amounts, as for example,

a requisition will come in for a number of these orders, ranging in amount up to $10.00. One express office in Ottawa sells an average of between $400 and $500 per day of these orders.

Consideration of all the circumstances, however, and examination of the rates will reassure bankers that there is a place for the new bank money orders, and with proper introduction they will no doubt be largely used, with advantage to the public. The chartered banks have apparently been well advised in placing the minimum commission on any order at 8c. (see rates previously quoted). They have however distinctly the advantage in rate on certain sums. They are at present only domestic in their range, but for ordinary small business transactions within the boundaries of our own country they should commend themselves to people at all events who have any relations with or knowledge of banks, while for the transmission of very small sums it is open to the banks to suggest and assist in the use of the new postal notes.

As an addendum to these remarks it may be useful to give the figures of the Home Government money orders and postal orders. If space permitted it would be interesting to any student of the subject to see the analytical figures in the Imperial Postmaster General's Report to 31st March, 1898, but for the present we content ourselves with the figures of the grand totals which are as follows:

Number of M.O.'s issued for year ending March 31st, 1898,	11,128,258
Amount " " " " " "	£32,114,579
Number of postal orders " " " "	71,380,975
Amount " " " " " "	£26,014,582

On the latter, Rates of Commission (or as it is called in Britain) "Poundage" are ½d. on 1s. and 1s. 6d., 1d. on 2s. to 10s. inclusive, 1½d. on the larger postal orders up to 20s., which is the limit of amount. The issue of postal orders began, as has been said, Jan. 1st, 1881. Postal orders for 12s. 6d. and 17s. 6d. were abolished 31st May, 1884. Postal orders for 2s., 3s., 3s. 6d., 4s., 4s. 6d., and 10s. 6d. were established 1st June, 1884.

In the United States they have tried from time to time varying forms of the character of postal notes, but these are

treated in their reports as an integral part of the money order system and their figures for the year ending June 30th, 1897, are :—

Total number of orders issued.....	26,113,233
" amount " " "	$188.071,056

It is understood some confusion in accounts has resulted from their issues of postal orders or notes.

The foregoing statement has been prepared very hurriedly for the present issue of the JOURNAL, but it may give some information as regards the new governmental issue, as well as suggest efforts for the success of the chartered banks' issue of money orders.

Acknowledgments are made to Mr. G. F. Everett, superintendent money order branch, P. O. Department, a studious observer of the drift of business in his department, for assistance in the preparation of this paper.

Ottawa, Sept. 28, 1898 ROBERT GILL

BANKING AS A PROFESSION*

SOME people think a bank is the place in which to put a boy who is of no use for anything else. And it must be admitted that very moderate capacity, accompanied by good character, is sufficient to insure his job to many a man who spends his whole life in a bank. He learns to enter the cheques in one column of a ledger, the deposits in another, and to strike a balance: and he may jog along on that very comfortably, remaining as innocent of all knowledge concerning the business of banking as the woman who scrubs the bank floor. But while this is possible it is by no means common. The bookkeepers in banks are generally men of more than average intelligence, and it is the greatest drawback to banking as a profession that the majority of those who enter its ranks are of necessity condemned to lifelong drudgery as bank employees, and never become bankers. Unfortunately this seems to be particularly characteristic of banking in the United States. There are several reasons for it. Our system does not lend itself to the gradual evolution of a banker so well as the branch system. In Canada, for example, a young man soon gets to be a teller at a small agency. If he is capable he will begin to show it in the telling box, not so much by the rapidity and accuracy of his note counting as by the knowledge of his customer's responsibility which he will soon acquire and display. From teller to the accountantship of a branch is an easy step in advancement. In this position he is in charge of the office work, he has joint custody with the manager of all cash and securities, he is authorized to sign for the bank, all minor questions that arise are referred to him for decision, and thus he begins to use his own judgment, to be clothed with some authority and to assume some responsibility. He ceases to be an

*Read before the Ninth Annual Convention of the Minnesota Bankers' Association, held at St. Paul, July 28-29, 1898.

irresponsible piece of the bank's machinery, and becomes part of the guiding force of the machine. While not responsible for the loans, he is free to consult with the manager about them and to express his opinion on them, especially on those of which he does not himself approve. If he shows good judgment, independence of thought and self-reliance, he is marked for an agency. When that comes, his evolution from bank clerk to banker may be considered complete. He is now in charge of a banking business, he makes or refuses loans, he loses money, perhaps, and gains experience, and according as he proves himself capable, the business under his care increases or is driven away. It is not uncommon in Canada for a man to attain this position as young as, say, twenty-five. But even then the first is usually a small agency where the amounts loaned are light, and the important positions come later when he has shown capacity in the lesser ones. All through these steps of promotion you will notice his employer has been the same, and the ability displayed in minor positions has been noted and rewarded by an employer having many higher positions in his gift. Unfortunately our system puts only one, or at most a very few responsible, well-paid positions in the gift of an employer. Consequently promotion is very much slower, for the ability displayed in minor positions is known only within the institution. The gulf between bank clerk and banker is therefore, with us, much wider and harder to bridge than it is where the branch system of banking prevails.

Another thing which militates against the attractiveness of banking to ambitious young men in this country is the want of its general acknowledgment as a profession. We lead the world in railroading, in mechanical pursuits, in agricultural industry, in general business ability, but in financial skill we lag behind in the race for national supremacy. This is equally apparent in our unscientific currency system, which casts the blighting breath of suspected instability over our entire financial fabric, and in the undeveloped condition of the banking profession. So far as my observation goes, high class banking is practised among us only in spots. It is far from being general. One of the fundamental principles of good banking is that the bank should not furnish the capital for its customers to do business upon. The customer should possess his own capi-

tal, and require assistance from the bank only at certain seasons and for specific purposes. There ought to be a time in each year when the customer owes the bank nothing. Indeed ideal banking does not include single name paper at all, but is confined to the discounting of customers' bills receivable, representing an actual purchase of goods by the maker from the endorser, and to loans upon convertible collateral security. We have gone so far along other lines that this no doubt seems more ideal than practical, but I am at least sure that the best criterion of a bank's loans is the proportion of them that can be collected at maturity, if desired or required. One has only to apply such principles to the ordinary banking practised among us to recognize how far we fall short. The number of special partnerships between banks and their customers is legion. Or, to go into details for a moment, I do not think a bank can be thoroughly well managed, at least in cities, without something in the nature of a credit bureau being established. Data covering the average balances of customers' accounts, full details of their assets and liabilities, commercial agency and other reports, the growth or decrease in their business, etc., should all be available at a moment's notice. Many of our largest banks have no system of tabulating such information, but I will venture the assertion that there is not one of them which could not have avoided losses, both past and future, by its establishment. No details are so insignificant in banking that they may be considered unimportant. There are at present three law suits, involving large amounts, before the Chicago courts, belonging to three different banks, all of which turn chiefly upon the date on which certain collaterals were taken. For the credit of the profession in Chicago, I am sorry to have to admit that not one of the three banks can prove this all-important point by its records. There are several reasons for all this, but the chief one is the total lack of uniformity in the training of men for the business. It is only within the past few years that boards of directors and the general public have begun to think that training counts in banking. Until recently bank cashiers and presidents were just as likely to be selected from any other line of business as from the ranks of bank men.

It is still quite common to think that a man can run even a

large bank as a kind of side-show to his other important business affairs. This idea is the costliest one that ever entered into shareholders' heads, but in spite of the long list of failures caused by the mixing up of the bank's affairs with its president's, the idea dies slowly. It is still the exception rather than the rule to find a bank president who could fill any other position in the bank as well as the man in it. Many of them are absolutely ignorant of bookkeeping, have no knowledge of accounts, and even domestic exchange transactions, to say nothing of foreign, are a kind of continual mental puzzle, which to-day they think they grasp, and to-morrow cannot recall.

I am referring now to bank presidents who are the active managers of their respective banks, and whose salaries as such are by far the largest in the bank. There is, however, a common arrangement by which the president holds his position by virtue of his standing in the community, or his large ownership in the bank, takes only a nominal salary, gives his counsel and advice, but does not pretend to be a banker nor the active manager of the business. This arrangement is often a wise and successful one. But where it exists there must still be an active manager, in the person of vice-president or cashier, and he at least ought to be a thoroughly trained banker. The predominance of men not so trained among the occupants of such positions is in my opinion a great drawback to our profession. It tends to keep our most capable young men from entering its ranks, and for the most part only those are attracted who have no thoughts of a career, but are well pleased to go to "work in a bank." In countries where the profession, as such, is more fully recognized, young men enter a bank as a career, looking forward to the time when they shall sit in the manager's chair. This is a fine thing for the profession, even although, as we know, the majority can never reach their goal.

But, it may be asked, will training make a banker? No, it will not. If a man has not natural shrewdness, good judgment of human nature, practical common sense, level-headedness, courage, faith and self-reliance, which all go to form that sixth sense by which a banker almost intuitively accepts good loans and rejects doubtful or dangerous ones, he will never successfully fill a managerial position. Bankers, like poets, are born, not

made. But it is equally true that just as long years devoted to the study of versification, modulation, and the choice of words, added to the divine gift of nature, made Tennyson the finished English poet of our century, so training in accounts, exchange, collections, discounts and correspondence, added to natural capacity, will make a finished banker, capable, as opportunity may develop him, of rising to be the trusted handler of other people's millions. A born banker will begin learning his business from the day he enters a bank, and go on learning it daily until he dies. During the first few months, merely from going messages, he will learn what is legal due diligence in handling collections and cashing cheques, what is a correct endorsement on a negotiable instrument, the various reasons for which cheques are returned, who in the community pay their bills promptly, who do not, who draw cheques for which there are no funds, whose uncertified cheques on other banks may be safely accepted and the documents surrendered, and many other things, too numerous to mention, but all worth knowing to a banker. Indeed, in banking, as in games of skill, there are many things which if not learned young are never learned. As the young man progresses he will master the entire system of bookkeeping and correspondence. He will invent new and easier methods of his own, for no one with the right stuff in him is ever content to go on doing needless things simply because they have always been done before. It is astonishing how much needless making of entries may be avoided by study. Cheques in some banks are entered three times in different places before they are returned to the customer, in others about thirteen times. The record is as complete in one case as in the other, and I am not sure but that all entries more than two are superfluous. Our young man must above all things fight against the doing of things by rote. That is what kills the ambition and curtails the career of the majority. To help him to resist this insidious temptation he should study subjects connected with his profession, and thus keep his mind fresh and well stored. As suggestive of what studies will best help him, I would recommend those prescribed by the Institute of Bankers in Scotland for the examinations which must be passed by its members. For the degree of Associate Member the following are the sub-

jects: Geography, algebra, arithmetic, English composition, bookkeeping, bank books, exchange and clearing-house system and rules, note circulation, interest and charges, negotiation of bills and cheques, and history of banking. For the higher degree of Member the subjects are more formidable, viz.: Principles of political economy, stocks and stock exchange transactions, history and principles of banking and currency, principles of law of conveyancing, bankruptcy, mercantile law, law of bills of exchange, etc. In addition to these examinations lectures are attended and prizes given for essays. All the Scotch banks set the seal of their approval upon their clerks who pass the two examinations by paying them a bonus of five pounds and ten pounds, respectively. The benefits of this old institute are thus summed up by its ex-secretary: 'It helps to employ the leisure time of young bankers at the important period when their career in life is beginning; it indoctrinates them in the principles of their profession, and the rules which guide its practice; it confers on them diplomas the value of which is recognized by their chiefs: from being unknown it makes an employee known, and thus opens for him a pathway to distinction; it teaches habits of study and a love of knowledge, and it develops latent talents of which their owners might never have been conscious.' When I add that about two hundred and fifty young men annually present themselves for these examinations, does not this go a long way towards accounting for the position in the banking of the world held by the sons of that little land? It will be a great day for American banking when a similar institution is started in our own country.

The most striking characteristic of American banking at the present time is the universal tendency to smaller profits. Not only is money getting cheaper, but competition is so keen that the temptation to gain business by doing it for nothing is proving too strong for many bankers. This tendency will help to hasten the day of the trained professional banker in preference to the amateur who spent the best part of his life at something else. For while the natural shrewdness of the successful American business man is frequently enough to make the untrained banker the equal of the trained one so far as making safe loans goes, the former is always at a disadvantage when it

comes to profits to be made in domestic or foreign exchange, or the scientific study of individual accounts for the purpose of ascertaining their value or loss to the bank. As the rates of discount are reduced these other matters must receive more attention, or no money will be made in the business. The professional banker is seldom inclined to do business for the fun or glory of it. He studies his customers' accounts and treats them in matters of charges as they are fairly entitled to be treated. While some are entitled to free exchange, a general par list, as adopted by many banks, renders more than half of their accounts not only profitless but the producers of an actual loss. And besides, it is responsible for the abominable system of sending cheques for collection through circuitous routes. Sometimes they thus pass through six or eight banks, and I have known instances of cheques passing through Chicago twice on their checkered career towards final payment.

In London, where interest rates are so finely cut, the banks, as a rule, charge a commission on the entire annual turnover of an account. Wherever the business of banking has been brought to its highest state of perfection, there you will find the banks the stiffest in such matters. I remember spending a day in London interviewing various banks, trying to induce them to accept a good account on better terms than the bank made where the account was kept. In every case the answer was the same. I was courteously but firmly told that these terms were the lowest the business could be done on with a profit, and if I had no other reason for changing the account I had better leave it where it was.

I have in mind a large bank in a certain city, let us say on the Yukon River, which charges off a debit balance of about $15,000 per year at exchange account. Comparing this bank's business with two others in the same city whose profits in exchange are known to me, I figure the profit should be $35,000 per year. This makes a difference of $50,000 per annum, which would pay a 5 per cent. dividend on a capital of $1,000,000. But, it may be asked, does not the bank in question gain as much in profitable deposits by such liberal treatment as it loses in exchange? My answer is, that both of the banks used for comparison have increased in deposits in recent years faster than

the one in question, notwithstanding the determination of their managers not to do business for nothing. It is almost needless to add, that the bank I refer to has a managing officer who was getting old before he became a banker, while the other two are run by men who have been bankers since they were boys.

The one thing above all others which helps a bank to get profitable deposits is its reputation for good management of its assets. The most important asset of any bank, and the criterion of the condition of all the rest, is the mental and moral equipment of its managing officers. Doing business for nothing may seem to succeed for a time, but such looseness of management does not create a permanent reputation, and in time generally becomes apparent in the loans as well as in the profits.

If banking is worthy the name of a profession there should be certain things universally considered unprofessional within our ranks. Giving services without profit or at an actual loss should be unprofessional. Solicitation of business by offering to work more cheaply should be as unworthy a banker as we consider it unworthy a doctor. Reflections on the character or solvency of a competitor should be, and, I am sure, generally are, considered in the same category, and I think borrowing from one's own bank should be added to the list. The positive qualifications for a good banker are not of the brilliant or showy kind. But they must be of the solid, enduring kind. He is the trusted agent between the poor lender and the rich borrower. His responsibilities are of a sacred character. No bank ever fails without some helpless widow or orphan having their little all swept away. The business prosperity and the business character of any community are largely in his keeping. Bad banking will bring ruin, careless banking will bring loose business methods in an entire community. Success as a banker is within the reach of any man of average ability, fair education and high character, who, possessing the natural talents of shrewdness and discretion, adds to them by persistent effort, familiarity with accounts, wide knowledge of general business, special training in banking, some acquaintance with commercial law, experience in analyzing statements, correct judgment of men, the gift of saying "no" firmly but not offensively, the courage to do business with decision and self-reliance, based upon careful investi-

gation, and, above all, the high moral purpose to be controlled by no other thought than the best interests of his shareholders.

In conclusion, let me say to the young men of our profession: Do not be discouraged although your immediate outlook be narrow. You have chosen a most honorable profession. Stick to it. Although the difficulties in the way of your promotion are great, as I have shown, they are not insurmountable. This country has produced many individual bankers who rank with any in the world. Such men are always in demand. Be optimistic enough to believe that our glorious country has not yet seen its best days. Its development during your lifetime is going to surpass, in commercial greatness, anything the world has ever seen. And as all commercial roads lead into the bank, banking will develop with it. This means more and more responsible, well-paid positions within your reach. Do not expect great riches. They occasionally come legitimately to a banker, but the one whose mind is bent upon gaining them is a dangerous one for his shareholders. But aim at a high place in your profession. Success will mean at least a comfortable living for your family, a position in the community second to none in power and usefulness within commercial lines, the opportunity to save a moderate competency and to insure those dependent upon you against want in case of your death. This is as much as life offers to any, even the rich, and it is a reward well worthy your best efforts. The only way to rise is to do well your present duty. Learn by your mistakes and the mistakes of others. All bankers who succeed make mistakes. The banker who never lost a dollar is like the North Pole, much discussed but hard to discover, and when he is found he had better be sent there; the rushing business done in that region would just suit him. There is no calling in which chance plays a smaller part in achieving success than ours. Your success depends upon yourself. Your capital in life is your reputation for ability, trustworthiness, experience, self-reliance, courtesy and character. Strive to maintain and increase it. With such a reputation firmly established you are well-armed for the battle of life, and no one can take it away from you but yourself.

DAVID R. FORGAN

UNION NATIONAL BANK, Chicago, July, 1898

NOTES ON BRANCH-BANKING AND ITS DEVELOPMENT IN CANADA

"THE Bank of——has opened a branch . . . etc."

The frequency with which, during the past ten or twelve months, such an announcement as the above has appeared in the press or has been intimated by private circular, together with the remarkable activity that has been, and is still being, displayed in banking circles throughout the country, cannot fail to have attracted the particular notice not only of every bank officer, but also of the outside business public—even of those the least observant.

While the visible outcome of this period of activity (a period inaugurated at the time of the first exodus to the newly discovered gold-fields in the Yukon-Klondike region) may be seen in a considerable extension of the branch-banking system throughout Ontario and Eastern Canada, these results are shown in a more marked and significant degree in the recent developments of banking operations over that immense territory bounded on the east by the vigorous city of Winnipeg, and on the west by the Pacific sea-board. After brief "prospecting" tours to the coast, successive parties of head-office officials, appreciating the solid resources and the latent possibilities of these Western Provinces, without exception reported upon them favorably. Further than this, their recommendations have been, for the most part, promptly acted upon. Witness the number of newly located branch-banks at date (August, 1898), open for business in the wheat-growing and ranching provinces of Manitoba, Assiniboia and Alberta; at the ore-mining and smelting centres of Rossland and Kootenay; at the terminal ocean-ports of Vancouver on the mainland (B.C.) and Victoria, and even at Dawson City.

On referring to the November, 1897, issue of *Verney's Bankers' List* we find that the number of branch-banks actually

within the Dominion of Canada and Newfoundland (exclusive of private banks, loan and investment companies, etc.), was 558. In August of the present year this total had risen to 601—a nett increase of no less than 43 branches of the chartered banks in nine months! These figures (and the undersigned is satisfied that they are correct) point to that creditable expansion of the spheres of operation now enjoyed by the majority of our banks—emphatically to that over, what may be termed, virgin territory. And this expansion, it should be remembered, is due to wholly natural causes, deliberate, but always progressive; with no degree of truth can it be declared to be the consequence of a 'boom,' so-called, in the banking world, or, indeed, of any artificial influence or of any mischievous policy.

Pursuing the subject of branch-banking further, it may be of interest to observe what circumstances, as a rule, lead to the selection of any certain locality, township or village, as the case may be, for the opening by a bank of a new branch; and, secondly, what conditions are considered essential to justify such selection.

The determining upon a new locality may be the result (as was seen at the time of the general extension of the eastern banks westward, already referred to) of a tour of personal investigation on the part of one or more of a head-office staff, action following according to, and guided by, recommendations thereafter received. Again, it is well known that no sooner does a hamlet become exalted to the rank of a village, than the business folk of that settlement, hitherto nursed by a private banker, seek the advantages to be derived from the presence among them of a local branch of a chartered bank. Should enquiries prove satisfactory, it will be readily understood that such village will not be obliged to wait any great length of time ere its branch-bank is opened for business. Sometimes it may happen that a community, dissatisfied with the accommodation or treatment received at the hands of an existing local bank, will petition the management of another institution (regarded for some reason or other with more favor) to establish a branch of its own in direct opposition with the aforementioned bank. And then again, though infrequently, a branch of one bank may

be opened in immediate *succession* to a retiring branch of another bank—occupying even the same quarters. Two instances of this kind have been seen of late, viz., at Alliston, Ont., and at Chaboillez Square, Montreal. Lastly, by the amalgamation of a private banking business, a chartered bank may establish a branch with that business as a foundation, and with the late banker appointed to the branch-managership.

Such, briefly, are the several circumstances which lead to the selection of a new locality in the ordinary extension of banking operations. Now, as to the conditions believed to be essential to justify such selections.

A bank, in order to secure a sound, all-round business, spreads its branches over a wide area. Thus, a bank may have branches in each, or in several, of the following classes of locality, grouped generally as—(1) commercial, (2) industrial, (3) maritime, (4) agricultural, (5) mining and (6) residential—each of them being, in a sense, independent of the others as to prosperity or failure. No banking institution in Canada can be accused of "keeping its eggs in one basket." It is to this system of branch-banking, effecting as it does the absorption of business differing so distinctly in nature and so varied in risk, that many banks have from time to time owed their survival of local disaster.

It is necessary that a variety of circumstances be fully considered prior to opening for business in any centre of any one of these classes of locality. These are:—

a. Population, its character and occupations—more particularly of that class likely to support and to make use of a bank.

b. The description, volume and condition of local trade and industries, and the probabilities as to their future expansion or decrease.

c. The value of natural resources of the locality and their state of development.

d. The extent of present and of possible competition from other banks.

It happens in cases that a new branch will be unable at outset to show a profit on its year's working. Knowing, however, such branch to be operating in the centre of a *growing* district, a bank can usually afford to maintain it at a loss during

the first year or two of infancy, content to look forward to a future lucrative business as a reward for its enterprise. Certain it is that the first bank to open in a new district will secure (and will deserve to secure) the cream of whatever business that locality may offer.

Some statistical notes in conclusion. The *average* ratio of branch-banks (chartered) to population may be accepted as approximately 1 to 5,000. This population in the cities of Montreal and Toronto, the populations of which amount to "hundreds of thousands," becomes appreciably less, namely, about 1 to 8,000. It is doubtful, however, whether figures dealing with populations as a whole are of much value; the amount of business that a new branch is likely to secure in any given district depends upon the class and occupations of the community, and cannot, it stands to reason, be measured by a bare, indiscriminate census.

Following are two comparative tables compiled from the detailed returns in Messrs. R. G. Dun & Co.'s reports of September, 1895, and of August, 1898, the one table for the purpose of illustrating the remarkable growth of branch-banking in leading centres of the Dominion during a period of rather under three years; the second, to show the total of branches accredited each province in Canada and Newfoundland in September, 1895, and at date. The figures speak for themselves.

TABLE I

CITY	Sept. 1895	Aug. 1898	CITY	Sept. 1895	Aug. 1898
Montreal.....	33*	42	Halifax, N.S.....	8	8
Toronto	30	34	St. John, N.B.....	5	5
Quebec	15**	17	Winnipeg	10	11
Ottawa	12	12	Vancouver	3	7
Hamilton	8	9	Victoria, B.C.....	3	5
London.....	6	6			

*Including 3 branches of the late Banque du Peuple.
** " 2 " " " " "

TABLE II

PROVINCE	Sept. 1895	Aug. 1898	PROVINCE	Sept. 1895	Aug. 1898
Ontario	271	275	Manitoba	20	40
Quebec	108	120	British Columbia ..	12	32
Nova Scotia	63	72	P. E. Island	7	8
New Brunswick	31	32	Newfoundland	4	4
N. W. Territories..	9	18			
			Total of br. banks	525	601

A. GORDON TAIT

Westmount, Montreal, 23rd August, 1898

THE ANNUAL MEETING OF THE CANADIAN BANKERS' ASSOCIATION

IT is the expressed hope of the members of the Council that a large number of Associates will attend and take part in the proceedings of the approaching annual meeting of the Association (26th, 27th and 28th October). A discussion of important questions in the field of practical banking could probably not be had under more favourable circumstances than attend these annual gatherings, and Associates, without regard to rank, are invited to bring before the meeting,—by means of a paper, a letter to the Secretary, or otherwise,—any matters the discussion of which might prove interesting or profitable.

CORRESPONDENCE

"THE BANKING MONEY POWER"—RESERVE FUNDS OF CANADIAN BANKS

To the Editing Committee:

DEAR SIRS,—It would perhaps have been interesting if the contributor of the article "The Banking Money Power in Canada" in the July issue of the JOURNAL, had given statistics showing the extent to which the Rest accounts of the banks have been built up from payments in cash by shareholders by way of premiums on new issues of stock. The point is apparently alluded to indirectly in the statement that the Rest account "*as a rule* represents a portion of the profits saved and reinvested in the business of the bank." I think that on examination it would be found that the Rest accounts, taken together, are quite largely composed of premiums paid for stock. If this is the fact it much strengthens the argument of your contributor respecting the moderate dividends paid by the Canadian banks.

ASSOCIATE

QUESTIONS ON POINTS OF PRACTICAL INTEREST

THE Editing Committee are prepared to reply through this column to enquiries of Associates or subscribers from time to time on matters of law or banking practice, under the advice of Counsel where the law is not clearly established.

In order to make this service of additional value, the Committee will reply direct by letter where an opinion is desired promptly, in which case stamp should be enclosed.

The questions received since the last issue of the JOURNAL are appended, together with the answers of the Committee:

Promissory note with joint and several makers, one of the makers being really a surety for the other—Protest

QUESTION 152.—Is it necessary to protest a note drawn in favour of a bank by joint and several promissors, one of whom is really a surety for the other; is he not in effect an endorser?

ANSWER.—It is not necessary to protest such a note. The contract of the makers of a note is to pay the note without any conditions, and it is their duty to find it and pay it. If a party promises to pay who is in fact a surety, his obligation is that of maker, so far as notice is concerned, but in other respects he is entitled to the rights of a surety; *e.g.*, he might be discharged by any improper dealing with securities.

Bank draft—Right of issuing bank to stop payment

QUESTION 153.—A purchases a draft on Toronto from a bank, and endorses it over unconditionally to B, and mails it to him. Some days later A asks the bank to stop payment of this draft on the ground that an error of some kind has been made, the nature of which he declines to state. (1) Has the bank any power to stop the payment of the draft at the request of A? (2) If the bank refuses this request, would A have any ground for action?

ANSWER.—1. The bank has the "power" to dishonour its own obligation by refusing payment, but it would not be justified in doing so on the mere request of A, without explanation of his reason for making it. The bank as drawer would in any case be liable to the "holder in due course" of the draft. Whether B would prove to be such the facts do not show, but his endorsee for value (his bank for example) would probably be.

2. A has no ground for action if under such circumstances as are mentioned the bank should, notwithstanding his request, pay the draft.

Joint Deposits

QUESTION 154.—Deposit receipts and savings bank deposits are often payable to either of two parties. Is this sufficient, or would the following (from the rules of a bank in India) be better: The bank continues to grant deposit receipts "payable to either or survivor" in the case of two persons, and "payable to them, or any one of them, or to the survivors or survivor in the case of three or more"?

ANSWER.—When a deposit made in the name of two parties is intended to be payable to either of them or to the survivor, the issue of a receipt payable to them or either of them is sufficient. By the law in Ontario such a deposit becomes payable to the survivor in case of the death of one of the joint depositors, so that it is not necessary to express this in the receipt.

With regard to similar deposits made to the credit of three or more persons, the same point would be sufficiently covered by making the money payable to them, "or any one of them." In the case of the death of one or more of the joint depositors, the deposit would become payable to the survivors or survivor, and, as before, we would consider it unnecessary to express this.

Use of abbreviation "Ltd." on bills of exchange given by a limited company

QUESTION 155.—If an incorporated company signed paper, i.e., notes, drafts, or cheques, with the word "limited" abbreviated so as to read "Ltd.," would the said paper be in any way invalidated?

ANSWER.—Such an abbreviation would in our opinion in no way affect the company's liability on the paper.

United States stamp duty—Express company money orders

QUESTION 156.—The express companies are not affixing a two cent stamp to their orders payable in United States, allowing the payee to meet this expense. By this means they are attracting much of the smaller draft business formerly done by the Canadian banks. Are they within the Act regulating this matter?

ANSWER.—If these orders are issued in Canada the American Act does not apply to the issuers, but only to the drawees, who would be bound to stamp them before payment. If they were issued in the United States without being stamped it would of course be a violation of the law.

As regards the effect of this in the way of competition, we would suppose that the payees would object to being made to pay the 2c. stamp duty, and that in the long run the charge would come back on the purchasers of the orders.

Powers of attorney held by brokers anthorising bank officers to transfer bank stock

QUESTION 157.—Is the manager justified in acting on a power of attorney from a shareholder of the bank, which authorizes him to sell and transfer certain of its shares on behalf of the shareholder, and to receive the consideration money, etc., when the same is handed to him by a broker, with the request that the transfer be made to his nominee, the proceeds of the shares not being paid to the manager on behalf of the shareholder, but left to be disposed of by the broker?

ANSWER.—We think that a bank officer would not be justified in acting on such a power of attorney in the way mentioned. If as a matter of fact the shareholder did not get the proceeds from the broker, the officer acting as attorney would probably be responsible to him therefor, unless he could show that the broker had authority from the shareholder to receive the money.

It is not unusual for such powers of attorney to be given, but we think the banker should require in every case that they should be accompanied by a letter from the shareholder, indicating how they are to be used.

Cheque presented for payment after the drawer's death

QUESTION 158.—A cheque was presented, for which there were funds, but was refused because the drawer had died on the day before presentation. In a similar case a few years ago within my knowledge the drawee bank paid rather than stand

suit. What is the law in the matter, and what is the effect as regards the drawee bank, if a cheque is paid after it has notice of the drawer's death?

ANSWER.—By Section 74, Bills of Exchange Act, it is declared that "the authority of a bank to pay a cheque" is "terminated by notice of the customer's death." It is therefore clear that in the cases mentioned the bank would have no right to pay the cheque. If it should nevertheless do so its ability to get back the money would depend on the good will of the parties. If the cheque were given in payment of a just debt, and if the estate is solvent, no doubt the payment would be ratified by the executors, or the creditor would assign to the bank his claim against the estate. If the executors refused to recognize the payment, and if the creditor refused to assign his claim, the bank would have to lose the amount. The same result would probably follow if the cheque so paid proved to have been given otherwise than in payment of a debt, e.g., as a gift.

Stamp duty on sterling bills

QUESTION 159.—Are sterling bills ever drawn so that the bank purchasing is not charged with the English stamp duty on them—that is, if a Canadian bank buys a draft of £200 on a Glasgow firm, could the bill be so drawn as to make it incumbent on the drawee to pay for the bill stamp, and is this ever done?

ANSWER.—We have never heard of purchasers of bills on Great Britain making special arrangements about the stamp duty there. The fact that the bill has to be stamped at the expense of the purchaser is one of the considerations which fix the price. The English Act requires the holder of such a bill before he presents it for payment to affix the proper stamps. Apparently the only way in which the drawee could be made to pay the stamp duty would be to add the amount to the face of the bill.

Forged endorsements

QUESTION 160.—1. The finder of a lost cheque which is payable to order, forges the endorsement, and negotiates it with a bank where he is known. On presentation for payment the drawee bank observes that the payee's signature is forged, and refuses the cheque. The forger cannot be found. Who loses the money?

2. If the drawee bank had not detected the forgery, but by oversight had paid the cheque, and only discovered the fact a month afterwards, have they recourse against anyone?

ANSWER.—1. The bank which cashed the cheque must lose the money, unless it can recover it from the forger.

2. Unless there was something in the "oversight" which would render the payment one not made "in good faith and in the ordinary course of business," the drawee bank would be entitled to a return of the money from the bank to which they paid it, provided notice of the forgery was given to the latter in accordance with the terms of sec. 24 of the Bills of Exchange Act as amended in 1897.

Business transacted by banks for the Dominion Government

QUESTION 161.—Under the new regulations of the Post Office Department, we receive a cheque from the postmaster daily to take up the orders which have been cashed by the bank through the day. This cheque we have to remit daily to Ottawa. In a bank with 20 to 25 branches, apart from the labor involved, this would mean an addition to its postage charges of probably $100 for the year. Do you not think the government should make some allowance for this extra expense?

ANSWER.—We do not think that the banks should be expected to do work or incur expenditure in this way without remuneration.

Contributions to the JOURNAL

QUESTION 162.—Are the pages of the JOURNAL open to contributions from subscribers who are not associate members?

ANSWER.—Yes. See the announcement in the front of the JOURNAL.

Bills of lading

QUESTION 163.—If a client ships on a local railway bill 500 barrels of flour with the B/L reading "To the order of John Smith & Co., Demerara, S.A., notify John Smith & Co., New York," could Smith & Co. turn over the 500 barrels to a steamship company for furtherance to destination without taking up the local railway bill?

ANSWER.—We do not think that John Smith & Co. of New York could exercise any control over this shipment, but the railway company would, we think, without requiring the surrender of the railway receipts be justified in delivering the goods to a steamship company, to be forwarded to their destination, in accordance with the understanding on which they have received them. No doubt they would be the readier to act if pressed to do so by the New York house.

Please refer to reply to Question No. 109.

Bills drawn on Canada "payable with exchange"

QUESTION 164.—A sight draft for $1,000, drawn in New York on a firm in New Glasgow "payable with exchange," is sent to a bank in Halifax, thence to the agency of another bank in New Glasgow. The latter agency presents bill and demands ½ of 1% exchange. On the day the draft is presented other banks in New Glasgow offer to sell drafts on New York for ⅛ of 1%. Can the bank presenting collect more than ⅛ of 1% as exchange. You might also state whether the fact of the draft having been sent through a bank in Halifax, makes any difference as to the rate of exchange?

ANSWER.—Assuming that what the draft means is that the acceptor shall pay $1,000, plus the cost of transferring the same to New York, and that the current rate of exchange on New York at the place of payment is ⅛%, the acceptor is bound to pay, and the holder to accept that rate.

What is the proper rate is a question of fact, to be determined as other questions of fact are; in the last resort by an action at law.

The holder of the draft can collect only the amount of the same and the exchange; he cannot make the acceptor pay anything in the nature of a collection charge. Nor does it make any difference that it has passed through a number of collecting agents. All that the acceptor is concerned in is to comply with the order contained in the draft, to pay $1,000, and in addition the current local rate of exchange on New York, whatever that may be.

Deposit in name of "A. B., sheriff," or "A. B., assignee"

QUESTION 165.—A deposit account is opened in the name of "A. B., sheriff," and another in the name of "A. B., assignee." On A. B.'s decease to whom are the moneys in the accounts payable?

ANSWER.—Moneys standing at the credit of "A. B., sheriff," or "A. B., assignee," can only be paid out on the cheques of his executors or administrators, unless there be some local statute otherwise providing.

Identification of the payee of a cheque

QUESTION 166.—A, known to cashier, makes the acquaintance of B at an hotel, and introduces him (B) to the bank for the purpose of getting a cheque cashed on another town, but A does not endorse cheque. The cheque is returned protested

for non-payment, and B turns out to be a sharper, and meantime has departed. Do you think the bank can recover the amount from A, although he has not endorsed cheque?

ANSWER.—So far as the question goes it indicates that what A told the bank was true, i.e., that B was really B. If this is all he is not liable.

If A made representations to the bank on the faith of which they cashed the cheque he might be liable, but even then fraud must be proved. We might again quote the following proposition bearing on the point, from the judgment of Lord Herschell in *Derry v. Peek*:

"First, in order to sustain an action in such a case there "must be proof of fraud, and nothing short of that will suffice. "Second, fraud is proved when it is shown that a false repre- "sentation has been made, (1) knowingly, or, (2) without belief "in its truth, or (3) recklessly, careless whether it be true or "false."

Chattel mortgage on growing crops where land mortgaged to another party

QUESTION 167.—Jones's farm is mortgaged to a loan company, and his growing crops are covered by a chattel mortgage to a private banker. The loan company take proceedings to sell the farm. Will the chattel mortgage hold good against them or can the company take the crop without paying the private banker?

ANSWER.—The law on this subject is clearly settled in Ontario by the case of *Bloomfield v. Hellyer*, reported in Appeal Reports, vol. 22, p. 232, the head note of which is as follows:

"A mortgagor after default is, as far as crops growing "upon the mortgaged land are concerned, in the position of a "tenant at sufferance, and cannot by giving a chattel mortgage "upon the crops confer a title thereto, upon the chattel mort- "gagee to the prejudice of the mortgagee of the land, or any- "one claiming under him, who has entered into possession of "the land before the crop is harvested."

The result of this decision is that the mortgagor can by chattel mortgage grant to the chattel mortgagee only such interest in the growing crops as he himself has, and, as this interest is subject to the right of the mortgagee of the land to enter, upon default, and take possession of the land, including the crops, the chattel mortgagee would have no claim against the mortgagee of the land, because he took possession and removed the crops.

Collections requiring presentation by mail

QUESTION 168.—We receive for presentation a draft drawn by a firm in England on a party resident in a village adjacent to our office, from which there is a daily mail to this city, delivered here during business hours. We have no convenient means of presenting the draft personally, but we send the usual power of attorney slip for his signature. Are we justified in holding the draft for a few days, or does the bank incur liability if the draft is not presented through a notary within two days?

ANSWER.—You are not bound, unless you have special arrangements in the matter, to accept the duty of collecting agent, but if you do accept in this case you are bound to take steps to have the bill presented within a reasonable time, and if not accepted on the day of presentment, or within two days thereafter, to treat it as dishonoured.

The two days' limit mentioned in section 42 does not apply in the case you describe, but only to a bill which has been presented; we do not think that to advise the drawee that you are holding the draft, and to ask him to sign a power of attorney enabling you to accept, is a presentment. The only question involved in this particular phase of the matter is whether by delay in the actual presentment you have failed in your duty as collecting agent to such an extent as to bring yourself under liability to the owner of the bill. To form an opinion on this point it would be necessary to have all the facts.

Books on Banking Law

QUESTION 169.—What are the principal publications bearing on the law of banking in Canada, and giving legal decisions, etc.?

ANSWER.—The only Canadian book on banking law is Maclaren's commentary on the Bank Act (see the advertisement of Carswell & Co., in the JOURNAL). On the general subject of banking there is the English publication "Grant's Laws of Bankers and Banking Companies."

On cognate subjects Maclaren's "Bills of Exchange Act, 1890" (Canada), Chalmers' "Bills of Exchange, Notes and Cheques" (English), and "Byles on Bills," are standard publications. Any of these can be obtained through Carswell & Co. Chalmers' is an excellent book, as it discusses the clauses of the Bills of Exchange Act seriatim, with general matter in addition, but it has to be read with a careful eye to the two or three points where our Act differs from the English Act.

For legal decisions, the columns of the JOURNAL, as you probably know, contain full reports of all English and Canadian cases of direct or indirect interest to bankers.

Reports furnished by banks on the standing of their own customers

QUESTION 170.—Does a bank incur a liability by answering an enquiry as to the standing of a party, by saying "we consider them good," or "in our opinion they are good for any of their business requirements," prefacing their report "confidential and without responsibility," as would appear to be the case from the decision of the Queen's Bench Division, England, in *Marshall & Sons v. Brown, Jansen & Co.*, reported in the July JOURNAL?

ANSWER.—The case referred to arose out of an alleged fraudulent misrepresentation, and was decided against the bank apparently because the jury considered that, under all the circumstances connected with the customer's account, the bank's report could not have been given in good faith.

If a jury were convinced that a report from a Canadian bank was given with intent to deceive, or under circumstances which implied fraud, the bank would no doubt be held liable, notwithstanding the clause repudiating responsibility for the report. The statement of Lord Herschell in *Derry v. Peek*, quoted in the reply to question 166, shows what may constitute fraud in this connection.

Collections sent to private bankers

QUESTION 171.—A bill for collection is sent by a bank to a private banker, who is a customer of the bank, there being no chartered bank in the place where the bill is payable. The cheque received from the private banker in payment is dishonoured. On whom must the loss fall?

ANSWER.—Unless there was an understanding with the customer that the cheque should be sent to the collecting agent employed, of such a character as to make it clear that he had approved the selection of the agent, the bank must bear the loss. This point was fully dealt with in our reply to question 38, Volume III.

Forged and irregular endorsements

QUESTION 172.—Bank "A" deposits a cheque through the Clearing House against Bank "B." The cheque bears several endorsements, one being by power of attorney. There are funds to meet the cheque. A month or so after the clearing Bank "B" finds (1) that the power of attorney is not legal, or (2) that one of the endorsements is a forgery. Bank "B" asks Bank "A" to take back the cheque, and Bank "A" replies

that under the rules of the Clearing House the demand should have been made before 12.30 on the day of clearing the cheque.

The cheque bore the endorsement of the clearing bank as follows: "The Bank of ——, Montreal," and not the stamp, "Prior Endorsements Guaranteed, etc." Which bank loses? Is a guarantee of such endorsements necessary?

ANSWER.—The rule of the Clearing House respecting the return of items before 12.30 has no bearing on a case of this kind. The point involved is simply this: What is the position of a bank which, after the lapse of a month, discovers that one of the endorsements on a cheque, paid by it in ordinary course to another bank, is forged or unauthorized?

The answer to this is that, under the Amendment to the Bills of Exchange Act, passed in 1897, the bank which received the money under these circumstances is bound to repay it, provided notice is given in accordance with the terms of the Act.

A guarantee of such an endorsement is not needed to establish this right, and the "Conventions and Rules" have no special bearing on the question, except to this extent, that by Rule 6 the stamp of the depositing bank is declared to be the endorsement of the bank. Under the amendment referred to the money may be recovered from the party to whom it was paid, or from an endorser who has endorsed subsequent to the defective endorsement, so that the bank receiving the money in this case would be liable on both grounds.

Bill sent for collection in an indirect manner

QUESTION 173.—A bank in Kingston cashed for a customer, who endorses it, a cheque payable in Sault Ste. Marie, where it has no branch. It sends it to its Toronto branch, which turns it over to a bank having a branch at that point. The cheque is dishonoured and returned through the same channel to Kingston. Can the customer of the Kingston bank claim undue delay (1) in presentment, or (2) in the notice of dishonour?

ANSWER.—(1) If the cheque was sent forward promptly from Kingston to Toronto, and from Toronto to Sault Ste. Marie, and presented in due course after reaching there, the presentment was, we think, duly made within the terms of sub-section 2b of section 45, Bills of Exchange Act (q. v.) We do not think that the customer could complain of delay only because the bank sent the cheque to Toronto instead of sending it to Sault Ste. Marie direct. The only question is whether the delay thereby caused rendered the presentment one not made within a reasonable time, but we think that, having regard to the usage of banks, such a mode of presentment is permissible.

(2) The question suggests that the return of the cheque was relied on to serve as notice of dishonour, and if so the return through the same channel, if each step is within the limit of time allowed by law, would be sufficient. If notice of dishonour had been sent to the customer by the bank at Sault Ste. Marie, delay in returning the cheque would have no effect on the customer's liability.

Cheque payable to bearer, endorsed to order

QUESTION 174.—Where a cheque is made payable to bearer by the drawer, can it be endorsed payable to order by a subsequent holder so as to bind the bank upon which it is drawn to recognize such endorsement?

ANSWER.—Under sub-sec. 3 of sec. 8, Bills of Exchange Act, it is declared that "a bill is payable to bearer which is expressed to be so payable." This seems to preclude the possibility of such a bill being made payable otherwise than by bearer, and when a cheque is so drawn the drawer's instructions are not affected by an endorsement and the bank is protected in paying it to the bearer, in accordance with its terms.

In the July number (vol. v., p. 447), we replied at some length to a question as to an endorsement "to order" following a blank endorsement, which is dealt with in the same subsection; see question 136.

Power of attorney to a minor

QUESTION 175.—May one under age be lawfully appointed the attorney of a merchant to conduct his bank account?

ANSWER.—Yes; the fact that he is under age does not disqualify him.

Attorney for a person trading under a firm name

QUESTION 176.—John Brown, who carries on business under the name of John Brown & Co., gives a power of attorney signed "John Brown" only. Has his attorney power thereunder to sign for John Brown & Co.?

ANSWER.—It is customary, and the better practice, that the constituent should describe himself in the power of attorney as "carrying on business under the name and style of John Brown & Co.," but we think that a duly constituted attorney of John Brown may bind his principal, to the extent of the authority conferred upon him, under any name in which the principal carries on business alone.

It is to be noted, however, that a power of attorney in which the business name adopted by the constituent is described would probably be held to limit the attorney's authority to transactions connected with that business. Thus a power of attorney from "John Brown, trading as John Brown & Co.," would cover transactions arising out of the business of John Brown & Co., but it would probably not cover transactions for another business carried on by the same man under another name.

Power of attorney signed by one member of a firm

QUESTION 177.—Are the acts of an attorney under a power signed by one member of a firm binding on the other members, or should all sign it?

ANSWER.—A power of attorney signed by one partner is binding upon the rest in so far as the matters included in it are within the scope of the partnership, and to this extent it need not be signed by the other partners. We should say that it would be a prudent act on the part of the bank to require all to sign, but this is a matter of prudence, not of law.

Restrictions in a deed of partnership

QUESTION 178.—If by the terms of the deed of partnership special restrictions are fixed as to the mode in which the partnership may be bound, would these affect the bank in the absence of actual notice?

ANSWER.—We think that the bank would not be bound by these restrictions unless it has actual notice.

Clearing house systems

QUESTION 179.—Every clearing banker in London, England, keeps a clearing account with the Bank of England, where is also kept an account known as the "Clearing Bankers' Account." Daily settlements are made by crediting or debiting this account as balances happen to be in favour of or against each bank, without the employment of coin, or currency. Why has this simple system not been introduced in Canada in preference to the more cumbrous method of settlement by exchange of "legals?"

ANSWER.—The immediate settlement in London is made by a cheque or voucher, representing a transfer from one account to another, but that does not cover all the work involved, for the clearing banks probably make deposits in and withdrawals from the Bank of England daily. Settlement

under our clearing system involves only one deposit or one withdrawal daily, and that in large notes good only between banks, so that the system cannot properly be called "cumbrous," even as compared with London.

The London system has grown out of the unique position of the Bank of England, and could probably not be copied anywhere else in the world. Canadian banks would not generally be likely to keep their reserves in the form of a deposit with another bank, even if a bank willing to accept such deposits should be found.

QUESTION 180.—Would it not greatly facilitate business if clearing bankers were to meet twice daily? Thus items to hand by the morning mail would be cleared the same day, without the present delay of twenty-four hours?

ANSWER.—The chief disadvantage in the delay in clearing items received by the morning mail may be obviated by presenting the cheques to be marked; the only other we see is the delay in regard to out-of-town items.

It seems to us that to clear all items in one early clearing each day much economizes labour. It is easier to examine one long list of cheques than two short ones, and the present arrangement leaves the afternoon, when other business is active, free.

We shall be glad, however, if our questioner will state what he thinks would be gained by the change which he suggests.

Legal

THE LEGAL SIGNIFICANCE OF "NO PROTEST" INSTRUCTIONS

THE subjoined document, covering the opinion of the Counsel for the Association on a most interesting legal question, is published by the kind permission of the banks concerned in the matter to which it relates:

Re Bank Y and the Bank of Z. A—— & Co.'s Draft on B——

"Although the amount involved in this case (the decision of which has been left by agreement between the two banks to me) is small, yet the principle involved is important. I have taken considerable trouble to ascertain all the facts and to consider the law applicable. The facts agreed upon by the two banks are as follows:

"1. A——& Co., customers of the Montreal Branch of Bank Y, drew a sight draft on B——, of Vancouver, for the sum of $100, payable at the branch of the Bank of Z in Vancouver.

"2. To this draft A——& Co. attached a slip with the words 'No protest,' and discounted it at Bank Y, Montreal, the proceeds being placed to their credit at that bank in the usual way.

"3. Bank Y endorsed the draft to the Bank of Z, the 'no protest' slip being still attached, and included it in its deposit with that bank on the 19th of June, 1897. The amount, less discount and proper charges, was accounted for by the Bank of Z to Bank Y in the usual way.

"4. In due course the draft was forwarded by the Bank of Z to its branch in Vancouver, and was in due course presented for acceptance on 30th June, 1897. Acceptance was refused.

"5. On the same day the manager of the bank in Vancouver enclosed the draft in a letter, with the postage paid thereon, addressed to Bank Y, Montreal, and deposited it in the post office at Vancouver. The letter was as follows: 'I return refused S.D., B——, $100. Writing.' This letter was lost in the mails, and has not yet been found.

"6. Nothing appears to have been done by anybody with respect to the draft from the 30th June until the 9th September, when the manager of the Bank of Z, Montreal, wrote to the manager of that bank in Vancouver, calling attention to the draft which was sent on the 19th June, and stating that 'this item is still outstanding in adjustment and does not appear to have been credited or accounted for by you; please explain.' On the 13th September the agent at Vancouver replied as follows: 'S.D., B——, was returned direct to Bank Y, Montreal. I regret the error.'

"7. On the 18th September the manager of the Bank of Z at Montreal wrote to Bank Y, Montreal, as follows: 'The accompanying deposit of $100 is for a sight draft, B—— ($100), deposited by you through the clearings on the morning of the 19th June last. Our Vancouver office writes me under date the 13th inst. that this item was returned to you in error.' This was the first information which the Bank Y received with respect to the draft since the 19th of June.

"8. On the 18th September, A——& Co. were notified by Bank Y of the dishonour of the draft, but they refused to consent to their account being charged with the amount of it on the ground that their position had been prejudiced by the delay in informing them that the draft was dishonoured.

"9. A—— & Co. claim that their position was prejudiced, and that on account of the delay they practically lost the amount of the draft. This claim, however, is disputed, and I am not able, from the statements made upon this point, to come to any conclusion as to the fact, but in the view I take of the law applicable to the case a decision upon this question of fact does not seem to be material.

DECISION

"The all important fact in this case, and one upon which the decision must turn, is that A——& Co. attached to the draft the 'No protest' slip when presenting it to Bank Y for discount. This slip was still attached when the draft was sent to the Bank of Z. The words 'No protest' used in this connection signify much more than an instruction that the formal instrument known as a protest, drawn up and signed and sealed by a notary, should be dispensed with. The words mean that the steps necessary to fix the liability of the drawer upon dishonour of the draft are dispensed with by him. It was not only the right of Bank Y, but its duty, when sending the draft to the Bank of Z for collection, to keep the 'No protest' slip attached. The result, therefore, in law, was that A——& Co., as drawers of the draft, incurred the ordinary liability upon it as drawers,

and dispensed with the requirement which would otherwise have been necessary to continue this liability after dishonour, viz., that due notice of dishonour should be given to them. I think, therefore, that A——& Co. remained liable as drawers of the draft after dishonour, whether the Bank at Vancouver did or did not conform to what might otherwise have been required with respect to notice of dishonour. It is, therefore, unnecessary for me to decide whether the lost letter of the 30th of June from the agent at Vancouver amounted in law to notice of dishonour.

"I think that Bank Y, by handing the bill to the Bank of Z with the 'No protest' slip attached, not only authorized it not to send notice of dishonour to the drawer, but also authorized it not to send notice to Bank Y itself as endorser of the draft. Up to this point, therefore, A——& Co. and the Bank Y were liable as drawers and endorser to the Bank of Z as holder, and this liability was not affected by want of notice of dishonour. Had Bank Y retired the draft, thus becoming the holder, A—— & Co. would have continued liable upon it as drawers to Bank Y as holder.

"The question which remains is: have A——& Co. been discharged from their liability by what has taken place since the 30th June, when the draft was dishonoured, or by the fact that they were not informed of the dishonour until the 18th September?

"Nothing was done affirmatively by either bank which would discharge A——& Co.'s liability. The claim they make is that, because they did not receive notice until the 18th September that the draft was dishonoured, they lost the opportunity of collecting the amount of it from B—— between the 30th June and the 18th September. I am clearly of the opinion that this fact, if it be a fact, did not technically discharge A——& Co. from their liability as drawers. If they have any claim because they lost the opportunity of collecting the draft from B——, it would be because some duty which was owed to them by the two banks, or one of them, had been neglected, and that they had suffered loss by reason of such neglect. Their claim would not be a matter of defence to an action against them as drawers of the draft; it would, if it existed at all, form the subject of a counterclaim or cross action for damages. The question, therefore, is whether either bank owed any duty to A—— & Co. to notify them of the dishonour of the draft.

"This question arose in the case of *Woodman v. Thurston*, 8 Cushing (Mass.), 157. The action was against the endorser of a promissory note who had, when endorsing, waived demand and notice. The defendant contended that notwithstanding the

waiver there should have been a demand upon the maker and notice to the defendant within a reasonable time after the note became due, but this contention did not prevail.

"The same point arose in *Emery v. Hobson*, 62 Maine, 578, the case being heard by a bench of six judges. The Chief Justice, in delivering the opinion of the Court, says: 'The defendant endorsed the cheque, waiving demand and notice. An endorser who waives demand and notice is not entitled to any demand on the maker or notice of non-payment.'

"I have not been able to find any case establishing any duty of the kind suggested, and I am not prepared to hold that upon principle any such duty exists; on the contrary, I think that upon principle the holder of a bill of exchange who discounts it with an express waiver of notice of dishonour on the part of the drawer, is entitled to act upon such waiver and refrain from giving notice, and I cannot see that the effect of the waiver is modified by any implied or indefinite duty as to giving such notice at some later date. The drawer, having dispensed with notice, is liable on the bill without it, and if he wants to learn whether the bill has been paid or dishonoured he should make enquiries, and he cannot complain if, not having made enquiries, he finds that he has allowed an opportunity of collecting the bill to pass.

"I think, therefore, that A—— & Co. are still liable as drawers upon the bill, and that upon proper proceedings being taken in the case of the lost bill the amount can be collected from them. And, as some question may arise as to whether the action should be brought by Bank Y or the Bank of Z, I recommend that if proceedings become necessary the action against A——& Co. be brought by both banks as plaintiffs.

(Sgd.) Z. A. LASH"

TORONTO, 12th Sept., 1898

FORGED AND UNAUTHORIZED ENDORSEMENTS

OWING to the inquiries which are repeatedly being made relating to the position of parties negotiating or acquiring bills bearing a forged endorsement, the Editing Committee of the JOURNAL think it well to reprint the text of the recent amendment to the Bills of Exchange Act.

61 VICT., CHAP. 10

"AN ACT RESPECTING FORGED OR UNAUTHORIZED "ENDORSEMENTS OF BILLS

"Assented to June 29th, 1897

"Her Majesty, by and with the advice and consent of the "Senate and House of Commons of Canada, enacts as follows:

"1. Subsection 2 of section 24 of *The Bills of Exchange "Act*, 1890, as amended by section 4 of chapter 17 of the stat- "utes of 1891 intituled 'An Act to amend *The Bills of Exchange "Act*, 1890,' is hereby repealed, and the following subsections "are substituted therefor:

"2. If a bill bearing a forged or unauthorized endorsement "is paid in good faith and in the ordinary course of business, "by or on behalf of the drawee or acceptor, the person by whom "or on whose behalf such payment is made shall have the right "to recover the amount so paid from the person to whom it was "so paid, or from any endorser who has endorsed the bill subse- "quently to the forged or unauthorized endorsement, provided "that notice of the endorsement being a forged or unauthorized "endorsement is given to each such subsequent endorser within "the time and in the manner hereinafter mentioned; and any "such person or endorser from whom said amount has been "recovered shall have the like right of recovery against any "prior endorser subsequent to the forged or unathorized en- "dorsement.

"3. The notice of the endorsement being a forged or "unauthorized endorsement shall be given within a reasonable "time after the person seeking to recover the amount has "acquired notice that the endorsement is forged or unauthorized, "and may be given in the same manner, and if sent by post "may be addressed in the same way, as notice of protest or dis- "honour of a bill may be given or addressed under this Act."

Queen's Bench Division, England

The Bechuanaland Exploration Company, L'd, v. The London Trading Bank, L'd*

The Secretary of a company stole from his employers some bearer debentures, which he hypothecated to a bank as security for an advance.
***Held*, that evidence of mercantile usage that such securities are negotiable by delivery in the same way that bills and notes are negotiable, is admissible, and that the courts will recognise such usage when established by the evidence.**

This action was brought to recover twenty debentures of the Beira Junction Railway, L'd, for £100 each. These debentures were stolen from the plaintiffs by their secretary, one Evans, since deceased, and deposited by him with the defendants in the ordinary course of business to secure advances made to him by the defendants. By their defence the defendants pleaded that the debentures were issued subject to the condition that they should be transferable by delivery if not registered, and that it is the custom of merchants, bankers, and others to buy and sell such debentures and to advance loans of money upon the security of them by mere delivery as negotiable instruments transferable by delivery; that the plaintiffs, having allowed the debentures to be in the power of Evans, were estopped from denying that the debentures were transferable by delivery.

Mr. Justice Kennedy . . . The main issue, and in my view really the sole issue, in the case is whether these debentures ought or ought not to be treated as negotiable instruments, so as to give the defendants, who became *bona fide* holders for valuable consideration, a good title to the extent of their advances to Evans upon the debentures as against the plaintiffs, who claim to recover the property of which Evans fraudulently deprived them. The debentures are, according to their tenour, payable to bearer, or, when registered, to the registered holder for the time being on presentation of the debenture. Endorsed upon each of them are several printed conditions. The third, fourth, fifth, and sixth of the conditions are in substance as follows:—(3) Except when registered this debenture is transferable by delivery, but the company will at any time, upon request of the bearer whilst unregistered, register him and his nominee in the register below mentioned as the holder of this debenture, and endorse a note of such registration thereon, and the company will also at any time, upon the

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request in writing of the registered holder, his executors or administrators, cancel the registration and the note thereof endorsed thereon, and thereupon this debenture will again become transferable by delivery. The fourth condition provides for the register, and the fifth for the registration of debenture-holders therein. Under the sixth condition every transfer of the debenture when registered is to be in writing under the hand of the registered holder or his legal personal representative, and before registration of the transfer proof must be given to the company of the title and identity of the transferee. The 11th condition provides that the principal moneys shall immediately become payable if a certain default is made in due payment of interest or a winding-up order is made, or a resolution is passed otherwise than for purposes of reorganization, reconstruction, or amalgamation.

Now, it is, I think, unquestionable, and it was not disputed at the Bar, that such a debenture as this, if viewed according to its tenour merely and without regard to mercantile usage, does not belong to the class of negotiable instruments which the law has recognized as such, by virtue either of the ancient law merchant or by virtue of statute (such as bills of exchange, promissory notes, and Exchequer bills), and the delivery of which confers a good title to the person who acquires them in good faith and for value, notwithstanding a defect in the title of the transferor. It is most like a promissory note payable to bearer; but it is prevented from ranking as such by its conditions. Evidence was, however, adduced by the defendants of a usage of the mercantile world in recent times to treat "debentures to bearer" of this kind as negotiable instruments; and the defendants contend that if I am of opinion that the usage has been proved I ought to recognize and give effect to it by upholding their title to these debentures. The plaintiffs contend that the usage has not been proved; they further contend, as a matter of law, that evidence of it was not properly receivable; that, even if the custom was proved, it cannot, being of recent introduction, be treated as part of that law merchant which courts of justice are bound to know and recognize. There are therefore to be decided two distinct questions—the first of fact; the second of law. Is there a usage of the mercantile world to treat such debentures as negotiable instruments, passing like promissory notes or banknotes by mere delivery from hand to hand accordingly? If there is such a usage, ought it in a court of law to have the effect of attaching the quality or incident of negotiability to the contract contained in the debenture, so that the property in that chattel and all rights upon it may, upon delivery of it, be acquired by a person who is not the owner?

His Lordship then reviewed the evidence and said:

Upon the question of fact, I am of opinion the defendants have sufficiently proved the usage of merchants which they sought to establish, both in point of extent and duration. Indeed, in respect of duration, I am led by what appears in the report of *Crouch v. Crédit Foncier of England*, a case upon which in regard to the point of law the plaintiffs mainly rely—to infer that the time during which it has been the mercantile practice to treat these debentures to bearer as negotiable instruments really exceeds the time which appears from the oral evidence adduced before me by the defendants. The debenture in the case referred to was issued by an English trading company in 1869. Assuming the usage or custom proved in the present case, I have to say whether, in my judgment, I ought to give effect to it. The plaintiffs contend that I ought not to do so, and that evidence to prove it was not admissible. As to the admission of evidence, if the grounds which I proceed to consider of the plaintiffs' contention as to the absolute incapacity of modern mercantile usage to obtain legal ratification in respect to the negotiability of instruments issued in England by an English company, and not recognized as negotiable by the ancient mercantile law, and not made such by statute, are good, it follows, I agree, that evidence of such a modern mercantile usage is irrelevant and, therefore, inadmissible. The contention of the plaintiffs rests upon the reasoning of the considered judgment of the Court of Queen's Bench in *Crouch v. Crédit Foncier of England*. The defendants assert that the judgment has been authoritatively disapproved, although it may be that the decision may be justified upon the ground suggested in the judgment of the Exchequer Chamber in *Goodwin v. Robarts*. The matter is one of commercial importance, and of considerable legal difficulty. The propositions of law which are involved in this judgment may be summarized thus: 1. The general rule of law is that a chose in action cannot be transferred at law at all, and parties cannot merely by their own act annex to a contract the incidents of negotiability, that is to say, a right of action thereon, in the holder for the time being in his own name, and a title both to the document containing the contract and to all rights under the contract, irrespective of defect in title of the person from whom the holder acquired it. 2. Such incidents can be annexed to a contract only by virtue either of statute or of the ancient usage of merchants which has been adopted by and now forms part of the law. 3. The modern usage of merchants cannot annex such incidents to a contract if the instrument containing it be made by an English company in England, which does not come within the category of negotiable instruments created by statute or adopted by the

common law from the "ancient law merchant." 4. The modern usage of merchants may annex the character of negotiability to bonds and like instruments of a foreign or colonial government. The correctness of the second and third propositions is, it appears to me, essential to the validity of the judgment, and essential also to the success of the plaintiffs' case in this action. So far as I am aware there was no appeal against the judgment, but in 1875 came the case of *Goodwin v. Robarts*. It appears to me that upon the vital question of the effect of modern mercantile usage, such as, I think, has been sufficiently proved in the present case, it is impossible to treat the reasoning of the Court of Queen's Bench in *Crouch v. Crédit Foncier of England*, and the reasoning of the Exchequer Chamber in *Goodwin v. Robarts*, as capable of reconciliation. I read the judgment of the Exchequer Chamber in the later case as plainly disapproving of the reasoning of the judgment in the earlier case. It cannot, I think, be maintained that the reasoning of the judgment upon this question of the effect of modern mercantile usage in *Goodwin v. Robarts* was unnecessary to the decision; nor, I think, can it be maintained that the two judgments are capable of reconciliation upon the ground that the instrument in question in the earlier case was an English instrument, and the instrument in question in the latter case was, though issued by a London agent, to all intents and purposes the scrip of a foreign government. Further, in *Rumball v. Metropolitan Bank* a Divisional Court treated *Goodwin v. Robarts* as decisive in an action in which a similar question arose upon an English instrument—a scrip certificate to bearer issued by a joint stock company. It appears to me that having regard to the decisions of the Exchequer Chamber in *Goodwin v. Robarts* and *Rumball v. Metropolitan Bank*, coming, as I have, to the conclusion that there has been a sufficient proof of a mercantile usage to treat the debentures in question in this case as negotiable, I cannot refuse to follow these decisions, which appear to me to practically overrule the decision in *Crouch v. Crédit Foncier of England*, and to govern this case. Further, I see no negligence or any conduct raising an estoppel in what the plaintiffs did, but for the reasons which I have given there will be judgment for the defendants with costs, but execution will be stayed.

Judgment for the defendants.

SUPREME COURT OF CANADA

Burns & Lewis et al. v. Wilson and the Sanford Mfg. Co., Ltd.*

In order to give a preference to a particular creditor, a debtor who was in insolvent circumstances executed a chattel mortgage upon his stock in trade in favour of a money-lender by whom a loan was advanced. The money, which was in the hands of the mortgagee's solicitor, who also acted for the preferred creditor throughout the transaction, was at once paid over to the creditor, who, at the same time, delivered to the solicitor, to be held by him as an escrow and dealt with as circumstances might require, a bond indemnifying the mortgagee against any loss under the chattel mortgage. The mortgagee had previously been consulted by the solicitor as to the loan, but was not informed that the transaction was being made in this manner to avoid the appearance of violating the acts respecting assignments and preferences and to bring the case within the ruling in *Gibbons v. Wilson* (17 Ont. App. R. 1).

Held, that all the circumstances necessarily known to his solicitor in the transaction of the business must be assumed to have been known to the mortgagee, and the whole affair considered as one transaction contrived to evade the consequences of illegally preferring a particular creditor over others, and that, under the circumstances, the advance made was not a *bonâ fide* payment of money within the meaning of the statutory exceptions.

Appeal from the judgment of the Court of Appeal for Ontario affirming the judgment of the Honourable the Chancellor, by which the plaintiff's action was dismissed with costs. A statement of the case is given in the judgment of the Court now reported, which was delivered by

SEDGEWICK, J.—In the spring of the year 1895 one Eliza Barnet Cheyne commenced the clothing business in Toronto, and by the first of the month of November in that year had become indebted to the W. E. Sanford Company of Hamilton in the sum of about $4,700, and had also become indebted to the firm of Burns & Lewis, of London, and to other merchants in an amount exceeding $3,000. This indebtedness was to a considerable extent overdue at the time that the mortgage, which is now in controversy, was given. About the end of October the Sanford Company, hearing that Miss Cheyne was about to be proceeded against by some of her creditors, sent an agent to her and suggested that she should make an assignment for the general benefit of her creditors, the object being to have the assets divided ratably among the creditors. She refused to execute such an assignment, but it was agreed that her father, who all through appears to have been her business manager, and who alone on her side gave evidence in the case, should go to Hamilton for the purpose of entering into some arrange-

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ment looking to the liquidation of the Sanford Company indebtedness. He accordingly came to Hamilton and met there the principal officers of the company. These gentlemen retained the services of a firm of solicitors (Scott, Lees & Hobson) in the matter, which firm were, and had been for years previously, the solicitors of Mr. James D. Wilson, a retired merchant and money lender of Hamilton, who had frequently before advanced money to various parties, and upon such securities as were recommended to him by his solicitors. At the meeting between Cheyne and the company it was apparent that Miss Cheyne could not pay her debts as they became due, and that it was an absolute necessity, if her business was to continue, that she must get by some means or other a very considerable extension of time. It was present also to the minds of the parties that she could not give an assignment of her property to the Sanford Company by way of security or by way of preference, because that would be in violation of the statute respecting assignments and preferences; but it was known that under a recent decision of the Ontario Court of Appeal in the case of *Gibbons v. Wilson*, it was held in effect that it was not contrary to law that a debtor in insolvent circumstances might legally give a mortgage upon the security of his property to a third party and with the proceeds pay a single creditor in full, to the detriment of his other creditors, and that too, even although the lender of the money were aware of the fact that such was his purpose and object in obtaining the loan when giving the security. It was then also ascertained that Mr. Wilson would be willing to advance whatever money the solicitors wanted upon the securities mentioned by them. It was further understood that in the event of Miss Cheyne giving a chattel mortgage to a third party he would advance her money sufficient to pay the Sanford debt. That security would enable her to hold her other creditors at bay so far as her assets exigible in execution were concerned until the moneys due under the security were paid. It was thereupon agreed that Miss Cheyne should give a chattel mortgage to Mr. Wilson upon her stock in trade, he advancing the amount of the Sanford debt, $4,775, and that the mortgage should be payable with interest at eight per cent. per annum by weekly instalments of $100 each, the final instalment to be paid on the 11th of November, 1899. It was agreed further that the money received from Wilson should be handed over to the Sanford Company, thereby wiping out their indebtedness; further, that the Sanford Company should execute an instrument of indemnity guaranteeing to Wilson the amount of his loan, the solicitor to hold this security and to deal with it as the necessities of the case might require. There was in addition some kind of an indefinite understanding that the Sanford Company should con-

tinue to supply Miss Cheyne with goods to enable her to carry on her business (this promise on the part of the company forming to a very considerable extent the inducement under the influence of which Miss Cheyne became a party to the transactions), and that she should at once give to the Sanford Company a second chattel mortgage upon her stock, including subsequently acquired property, in consideration of the sum of $916, the amount of the value of the goods which they were then to advance, the money secured under such instrument to be paid forthwith. Previous to this final arrangement Mr. Scott, the partner of the solicitor, Mr. Lees, had a personal interview with Mr. Wilson, and had in effect informed him that he wanted this money upon the security of a chattel mortgage covering the stock and goods owned by one Miss Cheyne in Toronto. Mr. Scott, who was aware of all the circumstances, had not given Mr. Wilson any further information upon the subject than I have stated, Mr. Wilson having the fullest confidence that so far as he was concerned, Mr. Scott's assurance that he would be fully protected was all that was necessary. He had never known or heard of Miss Cheyne before. In fact he did not know whether she was single or married, but as already stated he knew from his experience that he might place the most implicit reliance upon the advice of his solicitor, Mr. Scott. In pursuance then of this arrangement, Miss Cheyne executed the chattel mortgage in favour of Wilson, and Wilson gave the money to the solicitors; the solicitors gave the money to the company, the company gave the bond of indemnity in favour of Wilson to the solicitors, and within a week the Sanford Company sent goods to the extent of $916 to Miss Cheyne, and on the 5th of November she gave the chattel mortgage above referred to, to the company, payable forthwith. Two weeks afterwards the Sanford Company, without Wilson's knowledge, took possession of the whole of the property covered by the mortgages, advertised the same for sale, and realized a sum not quite sufficient to pay off the two mortgages, leaving nothing whatever for the appellants, Messrs. Burns & Lewis, nor for any of her other creditors. An action was commenced on the 15th of November, 1895, a fortnight after the date of the mortgage, to set it aside, the defendants being Miss Cheyne, Mr. Wilson and the Company. Upon the trial the learned Chancellor for Ontario decided, although with very great doubt, that the transaction was valid, and his finding was sustained by the Court of Appeal upon the authority of *Gibbons v. Wilson*, and it is from that judgment that this appeal is taken.

The law upon the subject is contained in the Act Respecting Assignments and Preferences of Insolvent Persons (Revised Statutes of Ontario, ch. 124), and the Amending Acts, 54 Vict.

ch. 20 and 58 Vict. ch. 23. Section 2 of the principal Act (R.S.O.) ch. 124, was repealed by the Act of 1891, a new section of that Act being substituted therefor, and it enacts, among other things:

First—

That every assignment of property made by a person at a time when he is in insolvent circumstances, or is unable to pay his debts in full, or knows that he is on the eve of insolvency, with intent to defeat, hinder, delay, or prejudice his creditors, or any one or more of them, shall as against his creditor or creditors injured, delayed or prejudiced, be utterly void.

Secondly—

That every such transfer to or *for* a creditor with intent to give such creditor an unjust preference over his other creditors or over any one or more of them, shall, as against the creditor or creditors injured, delayed, prejudiced or postponed, be utterly void.

And further that a transaction of that kind shall be presumed to be made with intent and to be an unjust preference if made within sixty days previous to the time when any action is taken to impeach it. These provisions are, however, subject to section 3 of the principal Act, which enacts, among other things, that nothing in the preceding section, to which I have referred, should apply to any *bonâ fide* assignment of property which is made by way of security for any present actual *bonâ fide* advance of money.

The Act of 1895 above referred to only affects this case in so far as it adds to the existing rights of the attacking creditors. In order to arrive at a conclusion as to whether this case comes within the statute the case must be looked at from three points of view, viz.: First, from the view of the debtor; secondly, from the view of the creditor; and thirdly, from the view of the lender. I do not think there can be any question here but that Miss Cheyne, as a matter of fact, was a person in insolvent circumstances and unable to pay her debts in full at the time she executed the instrument impeached. There is a question, however, as to the intent with which she did it. Did she do it with the intent to delay her creditors, or with the intent to give a preference to the company, or only with the intent of enabling her to carry on her business? While this latter intent no doubt did exist there can be no question but that such intent was to be carried out by so protecting her property that her other creditors could not by any means avail themselves of it for the payment of their claims. In other words her desire to carry on her business was to be attained by setting her other creditors at defiance through the medium of this chattel mortgage, which for four years at least was to remain in existence against them. There was therefore clearly an intent on her part to hinder, delay, and prejudice her creditors.

Now, from the point of view of the company: It was admitted at the argument, and it is unquestionably correct, that they could not have taken this mortgage in their own names. Had they done so it would at once have come within the statute and been void as an unjust preference.

The principal question in controversy is as to Wilson. Was this mortgage, so far as he was concerned, by way of security for a "present actual *bonâ fide* advance of money?"

Now I admit that an insolvent debtor may sell or mortgage his property for money and then pay that money to one of his creditors, even though in doing so he should give a preference to that creditor over all of the other creditors, and further that such a transaction cannot be successfully attacked under the statute, even though the lender knows of the debtor's intent to effect such preference, and we have so held in *Campbell v. Patterson*. The payment of money to a person in exchange for property of that person does not *per se* affect in any way the quantum of his assets available for his creditors generally, and there is no principle of law which compels any man bargaining for or taking security upon goods to make any inquiry either before or afterwards as to what disposition it is intended to make of the money or property transferred. He is not debarred from completing the transaction even although aware of its purpose. Is Mr. Wilson in that position here? He endeavours to shield himself by setting up his ignorance. It was at first contended at the argument before us that Mr. Scott was not his solicitor, and even if it were held that he was, the solicitor's knowledge was not his knowledge. The first contention was abandoned, but the other was pressed. So far as this point is concerned we are of opinion that his solicitor's knowledge necessarily acquired in connection with these same transactions was his knowledge, and that he must be held to have known what his solicitor knew. It was in our view the same as if the solicitor had Mr. Wilson's money in his hands for the purpose of investing it in such a way as the solicitor might think expedient, he having a power of attorney to carry on the business in the same way and to the full extent that his principal might have done. Under such circumstances, the defence of ignorance on the part of the principal would be of no avail as against the knowledge of the attorney. Now, in our view all of these transactions must be viewed as one transaction. Each of its constituent facts had relation to every other in connection with it, and all must stand or fall together. The defendant company were rightly desirous of payment or security for their debt. They called in the aid of a solicitor to advise as to how this desire might be accomplished. The solicitor had, in substance, in his possession funds of his principal

with full powers of investing them. Both he and the company knew that the debtor could not give a security direct to the company. That would undoubtedly be a violation of the statute, but the solicitor suggests: "In your interest I can get over the statute. I have read *Gibbons v. Wilson*; I will take my client's money and pay you and get Miss Cheyne to give a chattel mortgage to me, you at the same time giving me a bond of indemnity that I will eventually get back my money." It was a happy suggestion, is immediately adopted, and the transaction is completed upon these lines. I may have drawn too strong inferences from the admitted facts, but it is clear that substantially the transaction was just as I have stated. I do not think that under these circumstances the money, even although it was Wilson's money, was given in good faith to Miss Cheyne. The whole intent and object of the scheme, so far as the company was concerned, and so far as its solicitor (he being Wilson's solicitor as well) was concerned, was to secure the payment in full of the Sanford claim, the necessary consequence of which was, and was known to be, that all the other creditors would be, at all events, hindered and delayed in their remedies, if not, as matters subsequently turned out, defeated altogether. The money was not money paid to Miss Cheyne at all. The chattel mortgage was a mere instrument taken by the company to secure the object they had in view. Wilson himself was a like instrument used by them to aid in the same purpose, nothing more than a mere portion of the machine devised by the solicitor to work out his ingenious plan. It was not upon the security of the Toronto goods that the solicitor paid the company, but it was because he knew, whether by verbal promise or by reason of the written indemnity of the company, they would protect him and Wilson from all loss in the matter, and under these circumstances it seems to me an impossible task to show that there was a *bonâ fide* payment of money by Wilson to Miss Cheyne. On the contrary it was a *malâ fide* payment to the company for the purpose of avoiding the statute under the guise of a colourable or fictitious payment to Miss Cheyne.

It is satisfactory to know that all the money due to Wilson has been realized from the sale of the proceeds, the same having been paid over to him since the commencement of this action, by the company.

We are of opinion that this appeal should be allowed. The result will be that the money received by the company from Wilson, instead of being devoted exclusively to the company's benefit, will now be divided *pro ratâ* among themselves and their fellow creditors.

There will be judgment for the appellants, and they will have judgment in the court below as asked in their statement of claim, with costs.

Appeal allowed with costs.

COURT OF APPEAL, ONTARIO

Mail Printing Co. v. Clarkson*

Where an estate is being administered under the Assignments and Preferences Act, R.S.O. ch. 124, claims depending upon a contingency cannot rank, but only debts strictly so called.

An advertising contract gave the advertiser in consideration of the sum of $1,000 the right to use certain advertising space in a newspaper at any time within twelve months, the advertiser agreeing to pay at the end of each month for the space used in that month, and at the expiration of twelve months, whether the space had been used or not, to pay $1,000, less such sums as might have in the meantime been paid. The advertiser before using any space, and before the expiration of twelve months, made an assignment for the benefit of creditors pursuant to R.S.O. ch, 124:

Held, reversing the judgment of Boyd, C., 28 O.R. 326, that the $1,000 would not necessarily become due by effluxion of time, and that the newspaper company could not rank.

This was an appeal by the defendant from the judgment of Boyd, C.

The defendant was the assignee for the benefit of the creditors of Samson, Kennedy & Co., under an assignment made, pursuant to the provisions of R.S.O. ch. 124, on the 9th of December, 1895. The plaintiffs claimed that they were entitled to rank against the estate in the defendant's hands for $1,000 under the following agreement:

We the undersigned agree with the Mail Printing Company to advertise our regular business announcements for twelve months from this date, for the sum of one thousand dollars, payable as used monthly, for which we are to have the right to occupy the space of twenty thousand lines agate, in the advertising columns of the daily or weekly Mail and Empire, or in Farm and Fireside, upon the conditions specified below and on the back of this contract. In consideration of the Mail Printing Company agreeing to furnish them with space at the reduced rates above mentioned they agree that should they not avail themselves of the right to occupy the said space within the said specified time, such failure shall not relieve them from the obligation to pay the Mail Printing Company at the expiration of said time the said $1,000, less such amounts as may have been previously paid on account of this contract.

SAMSON, KENNEDY & Co.

Toronto, July 22, 1895.

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* *Ontario Appeal Reports.*

Upon the back of the contract there were certain conditions as to the measurement and position of the advertisements, and also the following special conditions:

Advertisements at all times to be subject to approval of the managing director of the Mail Printing Company, who reserves to himself the right to insert or otherwise.

If this contract is broken through insolvency or other cause the Mail Printing Company shall have the right to cancel the contract and charge at the casual single insertion rate for the space occupied under the contract.

Advertisements left out by accident at any time, or for the reason that the special space contracted for is otherwise occupied, will receive insertions at end of contract to make good the omission.

In case of errors or omissions in legal or any other advertisements, the company do not hold themselves liable for damage further than the amount received by them for such advertisement.

At the time of the assignment of Samson, Kennedy & Co. for the benefit of creditors no space had been used under this agreement.

The action was tried at Toronto on the 25th of February, 1897, before Boyd, C., who, on the 6th of March, 1897, gave judgment in the plaintiffs' favor.

The appeal was argued before Burton, C.J.O., Osler, Maclennan, and Moss, JJ.A., on the 23rd of September, 1897.

BURTON, C.J.O.: The agreement on which the plaintiff bases his claim appears to have been prepared with great care, and is apparently very fair and equitable in its terms, and advantageous to all parties, and the claim itself is one which one would struggle to sustain if possible to do so.

Notwithstanding the weight which is undoubtedly due to the opinion of the learned Chancellor, I am unable to agree in his conclusion in holding that at the time of the assignment anything in the nature of an existing debt had arisen under the contract.

In *Grant v. West* (1896), in this Court, we held that a claim for unliquidated damages not reduced to a judgment before the date of the assignment was not provable.

It is contended with much force that the word "claim" is very wide, but we were forced to hold in that case that wherever a claimant was referred to, the language of the statute seemed to point to a claim against one who was a debtor, and sub-section 4 of section 20, which is so much relied on in the present case, was, in our opinion, indicative of a very clear intention to confine it to claims for debt—*debitum in presenti*—though it might be *solvendum in futuro*.

The learned Chancellor has treated this as a debt of that description. He goes so far, indeed, as to treat it as not essentially different from the case of a promissory note payable at a future time.

I am unable to adopt that view. So far as the agreement might have been acted upon by actual advertising a debt would have arisen for the space used each month, and if the whole space had been exhausted the claimants would have been entitled to the full $1,000 before the expiration of the term; they might also at the expiration of the twelve months have been entitled to the full sum of $1,000, although the firm had not availed themselves of the space to which they were entitled; that would depend upon the due performance of the engagement on the part of the plaintiffs; but how can it be said that at the date of the assignment there was a debt existing although the payment of it was deferred? The $1 000 would not become due necessarily by the mere effluxion of time; the contract was entirely executory; it might or might not ripen into a debt; that depended upon circumstances. In declaring upon such a contract after the expiry of the twelve months, my impression is that under the old form of pleading it would have been necessary to aver and prove that the plaintiffs had always been able and willing to afford the space stipulated for, and, in any event, the non-ability or refusal to supply the space when properly required would have afforded a complete answer to the claim.

The case differs, therefore, essentially from the case of a promissory note, where the debt actually exists the moment the note is signed, although not payable, it may be, for months afterwards.

I think, with great respect, that this was not a debt payable *in futuro*, and was, therefore, not provable upon the estate, and that we must allow the appeal.

OSLER, J.A.: The claim which is provable under the Act is one by a creditor against a debtor. It must be a claim which is due or presently payable at the date of the assignment, or a claim which has not yet "accrued due," to use the language of the Act, but which is about to do so, and the amount of which may, for the purpose of proof, be ascertained by the application of the simple method prescribed by sec. 20, sub-sec. 4, viz., by deducting interest therefrom for the time which has to run before the claim becomes due. For this purpose, therefore, the time of payment is, as it were, accelerated, to use the learned Chancellor's expression in *Tillie v. Springer* (1892), and the result may even be, if the estate prove sufficient, that the claim, subject to this deduction, will be paid in full, just as if it had been actually a claim due at the date of

the assignment. This sub-section indicates the character of the claim which, though not yet payable, may be ranked for as if it were—a claim, namely, which is only not payable because the time for payment has not yet arrived, and the amount of which, therefore, for the purpose of immediate payment out of the fund assigned, may justly be ascertained by making a proper abatement. Such would be the case of a promissory note not yet due, or payable by instalments, or of any other contract to pay a sum of money absolutely and at all events.

Where, however, the time for payment has arrived at the date of the assignment, though the right to payment may depend upon some condition precedent having been performed, I do not say that such a claim is not one which may be ranked for, and the claimant shown to be a creditor within the Act, on proof of the condition having been performed. This would be wholly different from setting up the claim, and attempting to rank for it, not only before the time for payment had arrived, but before the performance of the condition precedent, and dispensing with the latter altogether.

To apply these observations to the case before us: For all monthly payments earned on account of the whole yearly charge at the date of the assignment there would clearly be the right to rank. There were, however, none such, as the insolvents had used none of the space they were entitled to. So also, if the year had then elapsed at the expiration of which the $1,000 would have been payable, less any sums which might have already been paid thereon. But it is clear that in that case the plaintiffs would have been obliged to prove either that the whole space contracted for had been used by the insolvents, or that they had always been ready and willing to furnish it to them, and circumstances are readily conceivable in which they might be unable to prove the latter. Therefore the $1,000 was not a sum payable absolutely, and at all events, at the expiration of the year, as in the case of a promissory note for the like amount. The conclusion necessarily is that the space not having been used, and the year not having expired, at the date of the assignment, the plaintiffs were not then creditors of the insolvents within the meaning of the Act, inasmuch as from the very nature of the case they could not prove performance of the conditions precedent, which, quite apart from the effluxion of time, they would have had to prove in order to show themselves entitled to the money in question. There could be no breach of the contract, regarded as a contract in a certain event to pay the $1,000, until the expiration of the year, and *non constat* that anything would ever be payable thereon. Such a case as this is not provided for by the Act, and therefore I am obliged to say that the appeal should be allowed.

Maclennan and Moss, JJ.A. concurred.

COURT OF APPEAL, ONTARIO

Webster v. Crickmore*

Where a preferential security, given while R.S.O. (1887) ch. 124, as amended by 54 Vict. ch. 20, was in force, is attacked within sixty days, evidence of pressure is not admissible to rebut the presumption of intent to give a preference.

An agreement to give security, made in good faith, may, even though it is indefinite in its terms, avail to rebut the presumption of intent to prefer, but where the giving of security is deliberately postponed in order to avoid injury to the debtor's credit, or to avoid the statutory presumption, the agreement to give the security is of no avail.

Judgment of ARMOUR, C.J., reversed, BURTON, C. J. O., dissenting.

This was an appeal by the plaintiff from the judgment at the trial.

The plaintiff was an execution creditor of the defendants the Crickmores, and brought the action on the 15th of December, 1896, to set aside as preferential and void, a chattel mortgage for $2,000, made on the 17th of October, 1896, by the Crickmores, who were then in insolvent circumstances, in favour of the defendants Strickland and Poussette, as collateral security for a then existing indebtedness. The defendants Strickland and Poussette pleaded that the chattel mortgage was given in pursuance of an agreement made in February, 1896, when a readjustment of then existing securities was arranged, and also that they had taken the chattel mortgage in good faith without knowledge, or notice, of the insolvent condition of the Crickmores.

The action was tried at Toronto, on the 9th of September, 1897, before ARMOUR, C.J., who dismissed it with costs.

The plaintiff's appeal was argued before BURTON, C.J.O., OSLER, MACLENNAN and Moss, JJ.A., on the 3rd and 4th of February, 1898.

OSLER, J. A.:—Omitting certain *obiter dicta* concerning former decisions, the findings of the learned Chief Justice are as follows:—

"I think the transaction was perfectly honest and straightforward with regard to taking the mortgage. I think Mr. Poussette (one of the defendants) knew that these parties (the mortgagors) were in difficulties, that Crickmore himself was insolvent, and I think he had reasonable grounds for believing that Mrs. Crickmore was also insolvent, and I think they were in

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**Ontario Appeal Reports.*

fact insolvent according to my view, but I think it was an honest debt, and that pressure was exerted and that he had a right to take the chattel mortgage, and that the chattel mortgage is good."

As to an agreement to give the chattel mortgage, the learned Chief Justice said:—"I cannot understand that there was any prior agreement to give the chattel mortgage. I think there was a prior agreement to give security, but there were no particular chattels specified, or anything of that kind. It was an agreement to give security—that only shows that the transaction was not fraudulent. I think it was a perfectly honest transaction, and unless it is rendered invalid by reason of the statute, it is perfectly good." The action was accordingly dismissed, apparently on the ground that the transaction was an honest one, and that pressure had been exerted upon the mortgagors to carry it out.

The evidence as to the agreement is very vague. Such as it was, it was a verbal agreement in February, 1894, in such terms as these: "Well, of course, we can give you a mortgage on those too (the chattels) if you require it. We will give you security on anything that we have." It was not more specific than that, and no attempt was made to have it carried out until the following October, when the mortgagors were insolvent. Mr. Poussette said that one of the reasons why he had not asked for it sooner was that Crickmore did not wish to have it registered against his property, and he was willing to accommodate him as much as he could.

It appears to me that a chattel mortgage taken under these circumstances, however honest the debt for which it is taken, cannot be supported by such an agreement consistently with the decision of the Supreme Court in *Clarkson v. McMaster* (1895), and of this Court in *Clarkson v. Ellis* (unreported). I do not rest my judgment on the ground that the agreement was a verbal one, and so perhaps avoided by the statute 59 Vict., ch. 34, sec. 4 (O.), passed soon after it was made—for I think an honest verbal agreement, even as indefinite as the above, may be available to rebut the intent to prefer, when the instrument is not attacked, or the assignment is not made, for more than sixty days after it is given—but on the ground that the taking of the mortgage was deliberately postponed until the debtors were in a state of insolvency, and that it was not, from the very first, intended to be taken until the circumstances of the debtors should render it necessary to do so.

If the agreement is eliminated, the case comes within the words of the Act, for the action to set aside the mortgage was brought within sixty days after it was given. It is then presumed, as the Act stood at the time it was given, to have been made with the prohibited intent, and that presumption is, I think, for reasons I have given elsewhere, not a rebuttable one.

It has always appeared to me that the object of the Legislature in the case of instruments made within the arbitrary period of sixty days before they were attacked, or before the debtor made an assignment, was to shut out all enquiry as to the intent with which they were given, and to avoid them for the benefit of the general body of the creditors. That principle is by no means novel. It is found in the 133rd section of the Insolvent Act of 1875, as it at first stood. If the instrument was executed earlier than sixty days before it was attacked, or before the assignment, it might be supported by proof of anything which would rebut the intent to prefer, but if the debtor's affairs were then in so precarious a state as to make insolvency inevitable sixty days afterwards, it was intended that the creditor should not have the advantage he had attempted to secure, at the expense of the other creditors. Of course if it had been given in pursuance of a prior valid agreement it might be supported on a different ground. It would not then be within the statute at all.

Here, the agreement, for the reasons I have mentioned, is one which it is not open to the creditor to invoke, and then his security is destroyed by the Act, the improper intent being inferred, and not being open to be rebutted by evidence of pressure, or of other facts which might have been introduced for that purpose had the attack upon it been delayed a little longer.

As regards the much debated subject of pressure, I must add that whenever it is available to support an instrument attacked as being an unjust preference, I consider the law thereon in this Province to be as it is stated in such cases as *McCrae v. White*; *Long v. Hancock*; *Molsons Bank v. Halter*; and *Slater v. Oliver*.

MACLENNAN, J.A.:—I also am of opinion that the appeal should be allowed.

MOSS, J.A.:—The learned Chief Justice found, and I agree, that there was in fact no prior agreement. But if there had been I think the principle of *Clarkson v. McMaster* should be applied to the case. An agreement that the giving of the chattel mortgage is to be postponed—because to file it would injure the debtor's business — until his desperate circumstances make it wholly imprudent as well as unnecessary to longer refrain from taking it, is I venture to think as much opposed to the policy of the law as the actual taking of a chattel mortgage under an agreement that it is not to be filed as required by the statute. In each case there is concealment from the other creditors of the mortgagor and the dealing should be treated as void *ab initio*.

With respect to the defence of pressure, in the view I take

of the case, and having regard to the change wrought in the language of sub-secs. (1) and (2) of sec. 2 of 54 Vict. ch. 20 (O.), in the process of recent revision of the statutes of Ontario, I do not feel called upon to express any opinion as to the extent of the conclusive or non-conclusive effect of the presumption created by these enactments in their unaltered form. But the argument pressed upon us that the pressure found to have been exercised in this case must, notwithstanding the date of the transaction, be considered in dealing with the question of intent, and that taken in connection with the finding of honesty and good faith, it is sufficient to uphold the transaction, renders it necessary to consider the question whether pressure can be at all invoked to support a transaction occurring within sixty days of an action to impeach it, or of the date of an assignment for the benefit of creditors.

With great respect for those who entertain a different opinion, I am of opinion that in any case coming within the prescribed conditions of sub-section 2 (*a*) and 2 (*b*) of section 2 —assuming the presumption to be rebuttable—the doctrine of pressure is excluded as an element in displacing intent to give an unjust preference. I am unable otherwise to account for the presence in these sub-sections of the words " whether the same be made voluntarily or under pressure."

There is no doubt that before the Legislature enacted these provisions there was much dissatisfaction with the existing state of the law relating to pressure, and it seems plain that the intention was to deal with the question of preferences to creditors.

Sub-section 2 (*a*) and 2 (*b*) are directed against preferences to favoured creditors as opposed to transactions entered into with intent to defeat, hinder, delay, or prejudice creditors generally, and were certainly intended to effect some alteration in the existing law with respect to preferences.

Under the then existing law a gift, conveyance or transfer, made to a creditor by a debtor in insolvent circumstances, or unable to pay his debts in full, of his own mere motion, and as a favour proceeding voluntarily from himself, was presumed to have been made with intent to prefer or give an unjust preference. But no such presumption arose with regard to a conveyance, or transfer, made under pressure from the creditor, and not originating with the debtor.

The object of the Legislature in enacting the amendments contained in sub-sections 2 (*a*) and 2 (*b*) was to abolish the application of the doctrine of pressure in support of any transaction having the effect of a preference made within sixty days before an action to impeach it, or an assignment under the Act, but to leave the law untouched as regarded transactions not coming within the sixty days' limit.

It is in substance declared that as regards any transaction with or for a creditor, which has the effect of giving that creditor a preference over other creditors, it shall, if within the sixty days limit, be presumed to have been made with intent to give an unjust preference, and to be an unjust preference although it may have been made under pressure.

There is, in effect, a declaration that the same presumption shall be made in the case of a transaction made under pressure as in the case of a transaction shown to be the outcome of the voluntary or spontaneous act of the debtor.

The presumption is to be made notwithstanding that the impeached conveyance, or transfer, was made under pressure. A transfer to a creditor made voluntarily, and a transfer to a creditor made under pressure, are put upon the same footing as regards presumption of intent. The element of pressure is eliminated from the latter transaction, as it always was from the voluntary transfer by the very nature of the case. The statute declares pressure to be as nothing against the presumption in the prescribed circumstances.

Then coupling it with something else cannot give it vitality to assist in displacing the presumption which the statute declares shall exist notwithstanding the fact of pressure. The sum total cannot be increased by adding nothing to something.

I think the effect of the legislation is that in seeking to displace the intent and to negative unjust preference in a transaction coming within the conditions of these sub-sections pressure is to be left out as a factor.

The result as regards this case is that there is nothing to rebut the presumption of intent to give a preference, and having regard to the other circumstances the transaction comes within sub-section 2 (*a*) of section 2.

Appeal allowed, BURTON, C.J.O., dissenting.

SUPREME COURT, STATE OF WASHINGTON

Dennis v. Moses*

Laws providing that a contract, loan, bond, or mortgage may be paid in any kind of lawful money or currency of the United States, a provision therein to the contrary notwithstanding, and declaring unenforceable a provision for payment in a particular kind of money or currency, are invalid, as being an attempt to legislate on a subject belonging exclusively to the federal government.

This action was brought to foreclose a real estate mortgage given to secure payment of a note for $1,500. The note and mortgage contained a stipulation that the debt should be pay-

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*Pacific Reporter.

able only in gold coin of the United States of the present standard, in contravention of an Act of the State relating to the payment of obligations, and it was urged as a portion of the defence that the debt could be satisfied in any kind of lawful money. This contention was upheld by the lower court, but the judgment was reversed on appeal to the Supreme Court of the State.

SCOTT, C.J.: Regarding the Act relating to the payment of obligations (Laws 1897, p. 91), I desire merely to announce the conclusion reached by the other members of the court as I understand it, viz., that it is a subject upon which a State cannot legislate, but belongs exclusively to the general government. In its practical effects it is of no consequence, although the principle is an important one. The precise point as to whether a State can provide that no contract shall be enforced as payable in any particular money, but may be discharged in any kind of lawful money, regardless of the stipulations of the parties, in the absence of national legislation permitting such contracts, does not seem to have been decided elsewhere. Personally, from the limited examination I have given it, in view of its present at least inconsequential effect, and the opinion of the majority, I can see no objection to sustaining such a law. But it follows, from the holding of the other members of the court, that this contract must be enforced according to its terms, and that the Act is inoperative.

REAVIS, J.: The effect of the statute making the contract for specific money soluble in lawful money of the United States involves a federal question, and seems to have been determined by the controlling authority,—the Supreme Court of the United States. The power of the State to declare a legal tender is limited to gold and silver coin. All "lawful money" of the United States is not a legal tender for private obligations by the laws of the United States; but, under the grant of power to coin money and regulate the value thereof, the Federal Supreme Court has, I think, decided that the question relating to final payment in private contracts is one exclusively of federal jurisdiction, and vested in Congress. The legal tender and gold contract decisions, taken in connection with the recent case of *Woodruff v. Mississippi*, 162 U. S. 291, 16 Sup. Ct. 820, are controlling here. The jurisdiction of the federal court would not, in this case, have been sustained on any other principle than complete federal control of such contracts. This conclusion, I think, is manifestly apparent from both the majority and minority opinions given in the case. A different question would be presented in contracts made by the State, or municipal corporations controlled by the State.

Anders, Gordon and Dunbar, JJ., concurred.

UNREVISED FOREIGN TRADE RETURNS, CANADA

(000 omitted)

IMPORTS

Year ending 30th June—	1897		1898	
Free	$40,473		$51,447	
Dutiable	66,242		73,695	
	$106,715		$125,142	
Bullion and Coin	4,665	$111,380	4,389	$129,530

EXPORTS

For the year ending 30th June—				
Products of the mine	$11,311		$13,998	
" Fisheries	10,365		10,792	
" Forest	31,319		26,533	
Animals and their produce	39,159		44,243	
Agricultural produce	18,101		33,234	
Manufactures	9,420		10,455	
Miscellaneous	155		147	
	$119,833		$139,402	
Bullion and Coin	3,478	$123,311	4,632	$144,034

SUMMARY (in dollars)

For the year ending June—	1897	1898
Total imports other than bullion and coin	$106,715,000	$125,142,000
Total exports other than bullion and coin	119,833,000	139,402,000
Excess of exports	$ 13,118,000	$ 14,260,000
Net imports bullion and coin	1,187,000	243,000

IMPORTS

Month of July—				
Free	$ 3,724		$ 6,225	
Dutiable	5,332		10,520	
	$9,056		$16,745	
Bullion and Coin	330	$ 9,386	337	$17,082
Month of August—				
Free	$ 4,610		$ 5,351	
Dutiable	5,890		7,211	
	$10,500		12,562	
Bullion and Coin	1,046	$11,546	1,528	14,090
Total for two months		$ 20,932		$ 31,172

EXPORTS

Month of July—				
Products of the mine	$ 1,049		$ 887	
" Fisheries	903		936	
" Forest	5,696		5,019	
Animals and their produce	4,913		3,013	
Agricultural produce	2,267		1,506	
Manufactures	919		742	
Miscellaneous	5		17	
	$15,752		$12,122	
Bullion and Coin	23	$15,775	117	$12,239
Month of August—				
Products of the mine	$ 1,263		$ 981	
" Fisheries	807		750	
" Forest	4,003		4,474	
Animals and their produce	4,267		4,586	
Agricultural produce	1,363		1,240	
Manufactures	793		911	
Miscellaneous	9		16	
	$12,508		$12,961	
Bullion and Coin	45	$12,553	167	13,128
Total		$28,328		$25,367

SUMMARY (in dollars)

For two months, July and August—	1897		1898	
Total imports other than bullion and coin	$ 19,556,000		$ 29,307,000	
Total exports other than bullion and coin	28,260,000		25,083,000	
Excess *Exp.* / *Imp.*	$ 8,704,000		$ 4,224,000	
Net imports of bullion and coin	1,308,000		1,581,000	

Monthly Totals of Bank Clearings at the cities of Montreal, Toronto, Halifax, Hamilton, Winnipeg and St. John

(000 omitted)

	Montreal		Toronto		Halifax		Hamilton		Winnipeg		St. John	
	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8
	$	$	$	$	$	$	$	$	$	$	$	$
September	44,763	55,080	24,870	32,466	5,036	5,164	2,829	2,971	4,630	8,035	2,283	2,620
October ..	48,999	59,340	29,242	35,736	5,387	5,817	3,131	2,970	7,585	13,291	2,292	2,464
November	50,215	59,166	29,129	34,211	5,063	5,580	2,856	2,878	8,895	13,550	2,362	2,442
December	51,033	56,509	33,146	35,986	5,547	5,386	3,051	3,094	7,736	9,784	2,566	2,738
January ..	43,577	60,334	31,117	37,836	5,135	5,009	2,863	3,028	5,009	6,347	2,200	2,417
February .	38,480	62,332	24,592	33,414	4,208	4,446	2,591	2,663	3,851	5,517	2,016	2,022
March ...	40,654	67,625	26,673	39,012	5,215	5,285	2,799	3,021	4,289	5,968	2,144	2,148
April	45,092	50,003	28,236	33,035	5,077	4,472	2,900	2,858	4,161	6,240	2,314	2,254
May	46,600	56,475	29,059	34,374	5,270	4,798	2,655	2,932	5,014	8,683	2,430	2,513
June	54,616	56,475	29,842	36,960	4,792	4,997	2,544	3,001	5,531	7,397	2,566	2,592
July.....	52,831	60,423	33,892	35,727	6,308	5,851	2,638	3,117	5,616	6,316	3,116	2,927
August ..	49,240	55,578	29,640	32,390	5,554	5,551	2,442	2,655	6,298	6,180	2,874	2,059
	566,100	699,340	349,438	421,147	62,592	62,356	33,299	35,188	68,615	97,308	29,163	29,196

STATEMENT OF BANKS acting under Dominion Government charter for the months of June, July and August, 1898, and comparison with August, 1897:

LIABILITIES

	30th June, 1898	31st July, 1898	31st Aug., 1898	31st Aug., 1897
Capital authorized	$74,758,684	$ 75,258,684	$ 76,258,684	$ 73,258,684
Capital paid up	62,303,137	62,303,449	62,407,759	61,959,547
Reserve Fund	27,555,666	27,555,666	27,555,666	27,070,799
Notes in circulation	$ 36,539,103	$ 36,553,546	37,299,496	$ 34,454,386
Dominion and Provincial Government deposits	6,872,080	5,325,983	5,748,413	6,637 438
Public deposits on demand	82,313,900	81,886,549	84,306,117	74.949,375
Public deposits after notice	144,749,443	147,169,605	149,972,984	135,068,821
Bank loans or deposits from other banks secured	.....	.....	.....	100,000
Bank loans or deposits from other banks unsecured	2,553.424	2,590,918	3,418,628	3,858,637
Due other banks in Canada in daily exchanges	164,198	117,496	133,783	126,619
Due other banks in foreign countries	492,502	542,116	502,360	360,692
Due other banks in Great Britain	3,225,326	2,922,629	2,557,089	2,116,546
Other liabilities	497,468	390,709	223,523	359,491
Total liabilities	277,407,434	277,499,629	284,162,483	$258,032,070

ASSETS

Specie	$ 9,283,030	$9,465,955	$ 9,656,747	$ 8,724,780
Dominion notes	15,214,505	16,023,154	17,579,203	17,613,363
Deposits to secure note circulation	1,915,070	1,989,645	1,983,983	1,880,678
Notes and cheques of other banks	9,663,728	8,323,217	9,055,625	7,909,618
Loans to other banks secured	50,000	50,000	25,000	29,677
Deposits made with other banks	3,615,020	3,459,505	4,188,193	4,598,522
Due from other banks in Canada in daily exchanges	212,651	183,989	204,478	165,951
Due from other banks in foreign countries	21,279,953	19,327,662	25,553,817	27,913,770
Due from other banks in Great Britain	8,230,112	10,513,602	11,483,170	12,249,663
Dominion Government debentures or stock	4,901,627	4,898,866	4,899,211	2,767,379
Public municipal and railway securities	34,264,288	35,398,909	35,117,485	27,355,818
Call loans on bonds and stocks	20,066,715	21,885,337	21,475,172	16,606,104
Current loans and discounts	222,413,538	220,193,092	218,077,369	202,457,187
Loans to Dominion and Provincial Governments	1,649,231	1,127,009	1,777,447	1,297,002
Overdue debts	2,855,867	3,139,168	3,127,450	3,636,793
Real estate	2,132,908	2,074,619	2,071,962	2,047,917
Mortgages on real estate sold	570,820	570,512	559,135	564,170
Bank premises	5,740,154	5,820,351	5,830,126	5,641,285
Other assets	1,574,645	2,504,062	2,019,555	2,345,474
Total assets	365,634,052	366,948,842	374,685,325	$345,805,354
Loans to directors or their firms	8,357,874	7,559,666	7,255,148	$6,678,798
Average amount of specie held during the month	9,277,085	9,502,007	9,727,955	9,492,800
Average Dominion notes held during the month	15,096,177	15,432,953	16,459,260	16,586,384
Greatest amount of notes in circulation during month	37,478,083	37,699,706	38,138,731	34,928,862

CANADIAN BANKERS' ASSOCIATION

SUPPLEMENTARY LIST OF ASSOCIATES

(NAMES OMITTED FROM THE LIST PUBLISHED IN THE JULY ISSUE)

Blanchard, E. R	Banque de St. Hyacinthe
Burn, Geo	Bank of Ottawa
Clouston, E. S	Bank of Montreal
Coulson, D	Bank of Toronto
Duncan, D. H	Merchants Bank of Halifax
Farwell, Wm	Eastern Townships Bank
Fyshe, Thomas	Merchants Bank of Canada
Gamble, R. D	Dominion Bank
McLeod, H. C	Bank of Nova Scotia
McDougall, Thomas	Quebec Bank
Prendergast, M. J. A	Banque d'Hochelaga
Reid, Geo P	Standard Bank of Canada
Saunders, A. L	Bank of Ottawa
Schofield, Geo. A	Bank of New Brunswick
Stikeman, H	Bank of British North America
Strathy, H. S	Traders Bank of Canada
Tait, A. Gordon	Merchants Bank of Halifax
Thomas, F. Wolferstan	Molsons Bank
Thorne, E. L	Union Bank of Halifax
Turnbull, J	Bank of Hamilton
Walker B. E	Canadian Bank of Commerce
Wallace, H. N	Halifax Banking Company
Webb, E. E	Union Bank of Canada
Weir, W	Banque Ville Marie
Wilkie, D. R	Imperial Bank of Canada
Willis, John L	Traders Bank of Canada

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JOURNAL

OF THE

CANADIAN BANKERS' ASSOCIATION

JANUARY—1899

PROCEEDINGS OF THE SEVENTH ANNUAL MEETING OF THE CANADIAN BANKERS' ASSOCIATION

THE seventh annual meeting of the Association was held in the legislative reception room at the Parliament Buildings, in the city of Toronto, on Wednesday and Thursday, the 26th and 27th days of October, 1898.

The chair was taken by the President, Mr. D. R. Wilkie.

The following members were present :

BANK	REPRESENTED BY
The Bank of British North America	E. Stanger (proxy)
" Bank of New Brunswick	G. A. Schofield
" Bank of Ottawa	Geo. Burn
" Bank of Toronto	D. Coulson
" Banque d'Hochelaga	M. J. A. Prendergast
" Banque Jacques Cartier	T. Bienvenu
" Canadian Bank of Commerce	B. E. Walker
" Dominion Bank	R. D. Gamble

The Eastern Townships Bank	W. Farwell
" Imperial Bank of Canada	D. R. Wilkie
" Merchants Bank of Canada	Geo. Hague
" Merchants Bank of Halifax	E. L. Pease (proxy)
" Quebec Bank	W. P. Sloane (proxy)
" Standard Bank of Canada	George P. Reid
" Traders Bank of Canada	H. S. Strathy

The following Associates were also present and registered during the various sessions: Wm. Cooke, J. W. Kennedy, W. Pringle, J. C. Kemp, F. W. Strathy, J. Aird, W. J. Robertson, W. B. Torrance, Wm. Grindlay, B. Austin, W. C. Young, A. F. H. Jones, R. C. McHarrie, D. A. Ferguson, A. Gordon Tait, R. C. Jennings, R. J. M. Carr, C. H. S. Clarke, R. S. Williams, J. A. M. Alley, W. G. Hinds, F. C. G. Minty, V. C. Brown, H. I. Minty, C. W. Clinch, H. C. Secord, G. deC. O'Grady, T. S. Harrison, A. S. Birchell, G. E. Hague, C. S. Rumsey, C. White, D. H. Charles, G. W. Hodgetts, J. R. Wainwright, C. A. Crosbie, T. A. Chisholm, W. C. J. King, A. W. Robarts, F. Carmichael, M. Morris, H. Jemmet, E. Hay, R. G. W. Conolly, R. M. Gray, E. L. Pease, E. W. Jarvis, J. M. Weymss, A. L. Whitely, N. A. Robertson, F. J. Dixon, J. S. McMurray, F. Cole, E. H. Fuller, E. Andrews, C. J. Noble, H. R. O'Reilly, H. J. Grasett, W. G. Browne, A. R. Capreol, E. P. Winslow, W. J. Kavanagh, N. Gordon, H. J. Coleman, S. D. Raymond, H. W. Fitton, R. Gill, W. Maynard, jr., W. R. Travers, D. B. Crombie, R. Ross, C. Cook, Jeffery Hale, F. O. Cross, and a number of others.

The President, in calling the meeting to order, remarked that one of the objects of meeting in the Parliament Buildings was to take the local members of the staffs of the various Toronto banks away from their immediate surroundings to do their duty by their visiting brethren. He called upon His Worship the Mayor of Toronto to extend to the visiting members a welcome to the city.

The Mayor in the course of his address of welcome dwelt upon the indications of prosperity everywhere present in Toronto, as reflecting the era of prosperity and progress which had set in

throughout the entire Dominion. In concluding he extended an invitation to all the members of the Association for a drive through the city.

The President on behalf of the Association acknowledged the Mayor's address of welcome, and expressed the thanks of the meeting for the kind invitation contained therein.

Letters of regret were received from Messrs. E. S. Clouston, General Manager Bank of Montreal; Thos. McDougall, General Manager Quebec Bank; and E. E. Webb, General Manager Union Bank of Canada.

At the request of the President, the minutes of the last annual meeting, as published in No. 2 of Vol. V of the JOURNAL, were taken as read, and confirmed.

REPORT OF THE EXECUTIVE COUNCIL

The Secretary read the Report of the Executive Council as follows:

To the Members and Associates:

The Executive Council beg to report as follows, concerning the work of the Association since the annual meeting of the 6th October, 1897:

Two meetings of Council have been held in addition to the final meeting this forenoon.

BI-METALLISM

The resolution adopted by the Association at the last annual meeting, approving of the course of the London clearing banks in opposing the proposition that the Bank of England hold one-fifth of its reserve in silver, was cabled by the ex-president to the chairman of the London Bankers' Clearing House Association. A prompt and gratifying reply was received to the effect that the resolution was most timely and had been forwarded to the Chancellor of the Exchequer and to the press. A later letter from the honorary secretary intimated that a deep impression had been made. These communications will be laid before you in the ordinary course of business. The correspondence will be found in No. 2, Vol. V, of the JOURNAL of the Association.

Although the last presidential election in the United States showed a satisfactory majority in favour of a gold standard, signs are not wanting that the free silver fallacy will again be a live issue in the approaching presidential campaign. A great deal of good work has been done in defence of the gold standard by a number of different organizations, whereas the silver advocates appear to have been narrowed down to a few coteries. At the same time the friendly reception by France of the United States Bi-Metallic Commission and the condition of affairs in connection with the currency of India, are factors in the future of the controversy; and your Council thinks it not improbable that the Association may again be called upon, with other representative bodies, to declare itself in defence of the gold standard.

RESIGNATION OF THE SECRETARY

Your Council has to announce with regret that almost immediately after assuming office it was deprived of the valued services of Mr. W. W. L. Chipman, as secretary-treasurer, who, after having been connected with the Association from its inception, retired to accept an important position with a leading banking institution.

After careful consideration of the several applications for the vacant post, Mr. Arthur Weir, of Montreal, was appointed, and you will be asked to confirm his appointment.

In this connection it may be stated that considerable inconvenience to the general routine of the Association results from the circumstance that the president and secretary almost invariably reside in different cities. It is only proper that the Association should have some fixed headquarters, and this could scarcely be other than Montreal, having in view the geographical position and commercial pre-eminence of that metropolis, but there is no reason why the offices of the secretary-treasurer should not be separated so as to provide for the services of the secretary being always available to the president. The treasurer could continue as a permanent officer in Montreal in charge of the books, accounts, and records of the Association.

It is greatly to be regretted that while Montreal is the official seat of the Association, there is no branch of the Association in that city such as exists at other important centres, nor is the Bankers' Section of the Montreal Board of Trade in affiliation with the Association. It is to be hoped in the interests of Banking in Canada that this anomaly, which is open to serious misconstruction, will not continue.

BRANCH ASSOCIATIONS

In accordance with the resolution adopted at the last annual meeting, and printed on page 159, No. 2, Vol. V of the JOURNAL, the banks in the cities of Quebec, Halifax, St. John, London and Victoria, were invited to constitute themselves sub-sections of the Association. Those at Victoria have done so, and the banks at Halifax have formed a semi-organization which will probably for the time serve the purpose. We regret that no definite action has as yet been taken by the banks in the other cities named.

It is possible that this unwillingness on the part of the local banks to form themselves into branch Associations, and of Board of Trade Sections to affiliate with the Association, is due to misconception. The Constitution of the Association clearly sets forth the limitations which would surround both the parent Association, the branch Associations and the affiliated Board of Trade Sections, and we venture to affirm that local institutions would find their position strengthened and their influence enlarged instead of weakened or confined by the action proposed.

CONVENTIONS AND RULES RESPECTING ENDORSEMENTS

The Committee appointed at the last annual meeting to draw up a series of conventions and rules respecting endorsements completed its labours during the year, and the rules as printed at page 323, No. 3, Vol. V of the JOURNAL have since been formally adopted by all but five members of the Association.

INFRACTIONS OF CLAUSE 100 OF THE BANK ACT

During the year your Council drew the attention of the Government to the apparent infraction of clause 100 of the Bank Act on the part of insti-

tutions not chartered under that Act. We were informed that several of these institutions claimed the right under old charters to act in contravention of the clause mentioned; but, upon requesting the names of such institutions we were informed that most of those complained of had since abandoned the use of the titles to which objection had been made. The duty of enforcing the law against those who are acting in contravention of the Act devolves upon the Dominion Government.

TRANSFER OF SPECIAL LEGAL TENDER CREDITS BY TELEGRAPH

No definite reply has been received by your Council to its request that the Government should authorize the Assistant Receiver-Generals to transfer special legal tender credits from one office to another by telegraph, when not inconvenient to the Government to do so.

LEGISLATION

The proposed and accomplished legislation of the past year as it directly interests the chartered banks has not been extensive, but your Council anticipates that the next two years will require the careful attention of its successors in this respect.

An Insolvency Act was introduced into the Dominion House last year by Dr. Fortin, but was not pressed to an issue. It is intimated that the Government may bring forward such an Act in the near future. Your Council avails itself of this opportunity to disabuse the public mind of a false impression which appears to exist regarding the position of the Association towards bankruptcy legislation. The Association has never exercised its influence against an insolvency measure as such, but has strenuously opposed and will continue strenuously to oppose the introduction of clauses intended to deprive creditors of their equitable rights by way of ranking upon the estates of insolvents. All that the banks claim in this regard is the preservation of principles similar to those which already prevail elsewhere and which were contained in the Dominion Insolvent Act of 1869, sec. 60.

Nor is the Association prepared to approve of any discharge clause that does not provide for the payment of a reasonable dividend to the creditors by the estate of an insolvent. The indiscriminate discharge of insolvents from their liabilities would be a menace to the legitimate trader and would tend to corrupt business morals; we look to all classes of the business community to aid the banks to make it impossible for a dishonest or incapable trader or manufacturer to resume business in competition with those who are attempting success only by honest and businesslike methods.

FOREIGN SILVER COIN

Your Council regret that they are obliged to draw attention to the large amount of United States silver coin now current in the Dominion, particularly throughout the North-West Territories and British Columbia. The free circulation of foreign coin hinders the growth of national sentiment, and its displacement of Canadian coinage deprives our Government of a legitimate source of profit.

QUEBEC CONFERENCE

Although the Association is not directly interested in the questions now before the International Commission, the settlement of which may have an important influence upon the political aspect of affairs, it looks forward with pleasure to the probable reduction to a basis of settlement of all questions in

dispute between the United States and Canada, but hopes that this much-to-be desired result will not be obtained by the sacrifice of any of the commercial interests of the country.

THE FAST LINE

Your Council expresses the hope that the long delayed improvement in communication by steamship with the Mother Country will be carried out in the near future. The closer trade relations which it is expected will result from the preferential clauses in the Canadian tariff will be hastened thereby. Considering the immense sums of money and grants of land that have been given to encourage inland communication, the country could well afford to complete the chain of communication between Europe and the Orient through the Dominion of Canada by the establishment of fast lines of steamships between Great Britain and our own seaports on the Atlantic and the St. Lawrence.

REDUCTION OF INTEREST ON POST OFFICE AND GOVERNMENT SAVINGS BANK DEPOSITS

Your Council was pleased to note an intimation made at the last session of the Dominion Parliament that the rate of interest on Government and post office savings bank deposits would be reduced to two-and-a-half per cent. from 1st of July of the current year, and although action was postponed, owing to possible financial distress in the United States that might have arisen through the recent war with Spain, your Council is in hopes that the reduction, which would be advantageous alike to the Government and the country at large, will not be long delayed. It is reassuring to note that since the reduction from a three-and-one-half to a three per cent. rate the deposits with the government have continued to increase.

There is no good reason for supposing that any reduction in deposits would follow from a two-and-a-half per cent. rate; on the contrary, bearing in mind the present quotations for Government securities, and the immense increase in the surplus capital of the country (the result for the most part of large harvests, good markets and increasing confidence in the country's future), it is the opinion of your Council that deposits would continue to expand, and that a lower standard of interest would prevail throughout the country, resulting in a large saving to the taxpayer and to the borrower. It is to be regretted that the rate on bank deposits in Canada of a maximum of three per cent. is not yet universal throughout the Dominion, owing to sectional rivalries and competition that cannot but prove unprofitable in the long run. Your Council is happy, however, to state that the payment of a higher rate than three per cent. is localized, and is paid upon but a very small fraction of the total bank deposits of the Dominion.

FRICTION BETWEEN BANKS

It has several times been brought to the notice of your Council that at various points banks occasionally enter into unhealthy rivalry by the establishment of new branches where a sufficient number of branches of other banks already exist, in taking over the officers of other banks, in offering higher rates for deposits than a reasonable maximum, and in "cutting rates" below a living basis. It is almost impossible to make any cast-iron rules that will distinguish between what constitutes legitimate competition and competition which the banks themselves should discountenance. This Association has very wisely disclaimed all right of interference in dissensions of this kind. It is well known, however, that where there is business for one bank there is

not always a satisfactory opening for two or more, and your Council is satisfied that there must yet remain in this vast Dominion many districts where a branch bank could profitably be established without undue competition being entered into. The propriety of one bank alienating one or more of the staff of another bank is a question which must be left to the good sense of the banks themselves. But your Council ventures to suggest that there is a distinct difference between one bank approaching an official of another bank with a view to his engagement, because of his merits and experience on the one hand, and on the other because of his personal influence in a district, to the upbuilding of which influence the bank with which he has been serving has directly contributed, not always with adequate profit.

BANK MONEY ORDERS

The Committee appointed to draw up a form of Bank Money Order to facilitate the ready transfer of small sums of money has completed its labours, and your Council is gratified to be able to state that, while every member of this Association has not as yet undertaken the issue of these orders, every bank in Canada has agreed to negotiate them at the schedule of rates suggested and adopted. These orders cannot but be of great use to the community in general and should become decidedly popular.

THE RENEWAL OF THE BANK CHARTERS

Your Council begs to remind the Association of the near approach of the decennial revision of the Bank Act. The present Act has worked satisfactorily, and has formed the basis for many proposals for a revision of the banking system of the United States. We would recommend early action being taken in framing such minor amendments as may be thought desirable. Your Council is of opinion that in obtaining a renewal of the charters an effort should be made to secure an extension to a much longer period than heretofore. It is not in the interests of the business community that a revision of the Bank Act should be so frequently a matter for public discussion and agitation.

REDUCTION OF POSTAGE RATES

Your Council is gratified to note the proposed reduction on 25th December next of the postage rate between Canada and Great Britain and the other colonies to two cents. The reduction will not only strengthen social ties, but will assist in building up closer trade relations within the empire.

The prominent part taken by Canada's representative in bringing about this happy result of the recent postal conference is a matter for congratulation.

It is only reasonable that the rate of domestic postage should be reduced simultaneously to the same figure. The experience of our own and other countries has shown that a great increase in the use of postal facilities follows upon a reduction in rates and that the revenue of the post office suffers but temporarily therefrom. Under present conditions letters posted in the United States upon which only two cents postage has been paid are carried throughout the length and breadth of the Dominion, but as between ourselves and between Canada and the United States a three cent rate is enacted.

REDUCED RAILWAY RATES

Pursuant to a suggestion made at the last annual meeting that the railways be desired to extend commercial travellers' rates to bank officers,

your Council approached the officers of the leading companies upon the question, but we regret to inform the Association that our efforts to obtain any concessions were unsuccessful.

BURGLARY AND FORGERY

Your Council did not think it necessary to take any action in regard to the resolution regarding Burglary and Forgery as printed on page 157, No. 2, Vol. V, of the JOURNAL.

INSURANCE OF MONEY PARCELS

Your Council decided not to press for an immediate answer from the Government to the request that it guarantee the safe delivery of money parcels transmitted by registered mail, in view of certain objections on the part of the Postmaster General, who still has the question under advisement.

The Reports of the Branch Associations, of the affiliated Board of Trade Sections, of the Prize Essay Committee, and of the Editing Committee, are appended hereto.

The membership of the Association has been added to during the year by the admission of the following banks:

The Western Bank of Canada,
La Banque de St. Jean.

The membership of Associates at the close of the financial year numbered 1,158, as compared with 1,010 on the 30th June, 1897.

The only chartered banks which are not members of the Association are:

The Bank of Yarmouth,
The Exchange Bank of Yarmouth,
The Commercial Bank of Windsor.
St. Stephens Bank,
Summerside Bank,
Merchants Bank P.E.I.

The whole respectfully submitted.

D. R. WILKIE, President

MR. WALKER, in moving that the report of the Executive Council be adopted, expressed the hope that the next Council of the Association would vigorously prosecute the establishment of the sub-sections proposed, even in smaller places than those mentioned. The example set by Winnipeg was an excellent one.

He also urged the appointment of a committee to take up the question of the Bank Act, in order that at the next meeting of the Association any changes desirable, if there are any, might be exhaustively discussed and action arranged for.

The motion was seconded by Mr. PRENDERGAST, and, on a vote having been taken, the report of the Executive Council was declared adopted as read.

The Secretary read the following

REPORT OF THE WINNIPEG SUB-SECTION:

To the President and Members of the Canadian Bankers' Association:

GENTLEMEN,—We beg to present the annual report of the Winnipeg Sub-section of your Association.

The annual meeting was held in Winnipeg on June the 7th, 1898, when Mr. F. H. Mathewson, Manager of the Canadian Bank of Commerce, was re-elected Chairman for the ensuing year, and Mr. F. L. Patton, Manager of the Dominion Bank, was re-elected Secretary.

In pursuance of the agreement arrived at by the Canadian Bankers' Association regarding a set of standard rules respecting endorsements this Sub-section has adopted and carried out in the Winnipeg Clearing House the "Rules and Conventions" as compiled by the Canadian Bankers' Association, and in thus doing away with the dangerous system of restrictive endorsements formerly prevailing, we are of the opinion that banking interests in general are more closely safeguarded.

Recently this Sub-section endeavored to bring about an agreement whereby uniform rates of exchange would be charged by all banks doing business here on cheques, demand and sight drafts, payable in the East. A special committee compiled a schedule of rates which was quite acceptable to ten out of the eleven banks here, but we regret to say that it could not be put into operation owing to the action taken by one bank, who refused to join in what was otherwise a unanimous decision.

The members of the Sub-section desire to represent to the Canadian Bankers' Association the necessity of again urging upon the Dominion Government the desirability of an arrangement being made whereby the banks doing business here could transfer legal tenders backwards and forwards between Montreal or Toronto and Winnipeg (by wire).

You are all conversant with the benefits to be derived from such an arrangement, and the fact that a recent bank robbery has taken place in our midst emphasizes the pressing necessity for an arrangement of this nature, whereby the local banks will not be forced into the position of holding unnecessarily large legal tender reserves at Winnipeg, and the hope is expressed that the Executive Council will continue to press this matter with the Department of Finance.

This Sub-section has this year continued the usual practice inaugurated when the Sub-section was organized of obtaining crop reports from reliable correspondents in representative districts throughout Manitoba and the North-West Territories, with satisfactory results. These reports were distributed to members on the 15th of August, and being the first detailed information obtainable, proved valuable in enabling bankers to form conclusions as to the quality and approximate quantity of grain likely to be exported, while later on in the season, when threshing is further advanced, a final report will be collected.

The members of the Winnipeg Sub-section extend to the Association a cordial invitation to hold the next annual meeting at Winnipeg, and they desire to assure you that they will do all in their power to make the occasion enjoyable to visiting members.

Yours truly,

F. H. MATHEWSON, Chairman
F. L. PATTON, Secretary

WINNIPEG, 19th Oct., 1898

THE PRESIDENT— . . . The ideas of the Winnipeg sub-section are always worth listening to; and their invitation to us to hold our next annual meeting in Winnipeg is, I think, worthy of consideration. There is a disposition, I think, at the Coast to ask the Association to meet there, but Winnipeg's invitation being the first in the field I think it is well worthy of the consideration of our successors in office.

MR. FARWELL, seconded by MR. PRENDERGAST, moved that the report of the Winnipeg sub-section be received and embodied in the proceedings of this annual meeting.—Carried.

MEMBERS' FEES

With reference to the motion passed at the annual meeting last year increasing the fees to be paid by banks, the PRESIDENT reported that in consequence of representations made by some banks who felt that their fees were unduly large, the Executive Council decided to commute the fees in these cases, and asked for confirmation of the Council's action.

MR. HAGUE then moved, seconded by MR. WALKER:

That the action of the Executive Council in commuting the membership fees of certain banks having a capital between $500,000 and $1,000,000 is hereby approved, and that portion of the resolution adopted at the sixth annual meeting, whereby the membership fee of banks having a capital stock between $500,000 and $1,000,000 was increased from $60 to $120, be and is hereby amended and the fee of $60 for such institutions restored; the fee of banks with a capital between $1,000,000 and $2,000,000 being retained at the figure mentioned in the said resolution, namely, $120.

In the discussion which ensued MR. WILKIE and MR. HAGUE strongly advocated the desirability of having the largest possible representation of banks, large and small, in the Association. In times past the smaller banks had rendered invaluable assistance in promoting important reforms in the banking laws, and anything calculated to hinder their affiliation by the Association ought to be remedied.

The motion, having been put to a vote, was declared carried unanimously.

MR. SLOANE moved, seconded by MR. STRATHY:

That the membership fee of banks having a capital of less than $500,000 be $40. Carried.

RESOLUTION RESPECTING MR. CHIPMAN

Moved by MR. HAGUE, seconded by MR. COULSON, that:

Whereas Mr. W. W. L. Chipman, Secretary of the Association since its organization, has resigned from the position and accepted a position of importance in a leading banking institution,

It is resolved that the Association tender Mr. Chipman its thanks for his untiring efforts in its behalf and its best wishes for his success in his new sphere of action.

The PRESIDENT in putting the motion said, "I can only add to what the resolution itself says, that it was a matter of very great disappointment to me, and some surprise also, when I had no sooner assumed the duties of the position of President, and had read Mr. Thomas' address in which he spoke very highly of Mr. Chipman's services, to find that Mr. Chipman's ability was not at my service, that I lost him before I had been well in the saddle. At the same time I am happy to say that Mr. Chipman has got a worthy successor. It is, however, a grave obstacle in the way of a thoroughly satisfactory performance of the duties of the office that the residence of the Secretary is at times a thousand miles away from the President.

The motion was carried unanimously.

MR. FARWELL moved, seconded by MR. PEASE:

That the action of the Council of this Association in selecting Mr. Arthur Weir as Secretary of the Canadian Bankers' Association, in place of Mr. Chipman, be and is hereby confirmed and ratified, and that Mr. Weir's engagement be continued under the same conditions as governed in the case of the retired Secretary. Carried.

FINANCIAL STATEMENT

The Secretary presented the Financial Statement for the year ending June 30th, 1898:

GENERAL FINANCIAL STATEMENT

Charges	$4,137 28	Balance, 30th June, 1897.	$ 332 11
Office furniture	224 70	Membership fees	3,770 00
Journal expenditure	947 67	Associate fees	1,158 00
Bank interest	9 49	Cash—	
		Due bank $80 88	
		Less on hand ... 21 85	59 03
	$5,319 14		$5,319 14

GROSS REVENUE ACCOUNT

Charges	$4,137 28	Balance, June 30, 1897	$ 332 11
Journal expenditure, after deducting revenue from advertisements, etc.	947 67	Revenue— Members	3,770 00
Bank interest	9 49	Associates	1,158 00
Balance forward	165 67		
	$5,260 11		$5,260 11

ARTHUR WEIR, Secretary-Treasurer

THE PRESIDENT—I notice by the Statement that we have been going behind a little, owing, I think, to items being charged to the Association that might fairly have been a charge upon the individual institutions. I do not think the year 1898–9 will show any deficiency.

MR. COOKE moved, seconded by MR. HOLMESTED:

That the Financial Statement be received and referred to the Auditors. Carried.

BANK MONEY ORDERS

The Secretary stated that he had been asked to bring to the notice of the meeting an instance where a gentleman applied to a bank for a money order for $7, and was given a bank draft for $7 at the cost of a money order, the object being to retain the whole of the profit for the issuing bank.

MR. FARWELL—It is optional with any bank whether it sells a money order or its own draft. For my part I should sell my own draft every time. I have objected to those money orders and I did not order any for a long time, but, in order to be in with the rest of the banks, I finally got a few. I do not care for the present money order system; I think the bank issuing should have all the commission.

MR. COULSON—It was never contemplated that they should be issued by a bank on a point where it has a branch; the intention was to cover points where the bank had no branch. In the bank I represent we have given instructions that they should not be sent out where we have branches of our own; where that is done it must be a mistake, I think, on the part of the bank that issues the money order.

SCRUTINEERS

Messrs. Aird and Jennings were appointed scrutineers to receive the ballots for the election of officers.

On motion the meeting adjourned, to meet at 4 o'clock p.m.

SECOND SESSION

Wednesday, October 26th, 4 o'clock, p.m.

THE PRESIDENT called the meeting to order.

ESSAY COMPETITION

THE SECRETARY read the report of the committee appointed to examine the essays. Their award was as follows:

SENIOR COMPETITION

First Prize.—R. W. Crompton, Canadian Bank of Commerce.

Second Prize.—F. Macdougall, Merchants Bank of Halifax.

JUNIOR COMPETITION

First Prize.—C. M. Wrenshall, Merchants Bank of Canada.

Second Prize.—A. Gordon Tait, Merchants Bank of Halifax.

MR. FARWELL read a letter from Mr. Stewart Patterson, directing attention to the fact that the terms of the essay competitions, as hitherto framed, rendered some Associates ineligible to compete in either senior or junior competition, their position falling between the two.

The letter was referred to next year's committee on essays.

PRESIDENT'S ADDRESS

THE PRESIDENT in proceeding to deliver his address remarked: "This is a privilege I am going to avail myself of now, a privilege which I understand your presidents have, and I understand it is the only privilege they have, that of putting a few of their ideas on paper and reading them to the Association; and in that connection I wish to say that the Association is not in any way responsible for the correctness, or ambiguity if there is any, nor for the sentiments. This responsibility rests entirely upon the President."

(The address will be found on another page of this issue of the JOURNAL).

The address was received with applause, and at the conclusion of the reading MR. TORRANCE moved, seconded by MR. STANGER:

That the thanks of the Association be tendered to Mr. Wilkie for his very able address, and that the address be printed in the report of this annual meeting.

MR. HAGUE—I very heartily concur in the motion. I want to express my opinion about this address: I don't know whether it is not the very best paper we have had, but at any rate it is an uncommonly good one and well deserves the vote of thanks.

MR. HAGUE, as Honorary President, here put the motion, and, on a vote having been taken, declared it carried unanimously; and tendered the thanks of the meeting to the President in pursuance thereof.

THE PRESIDENT then announced that invitations had been sent him from the Albany Club, the Toronto Club, the Toronto Golf Club, and the Victoria Club, inviting the members of the Canadian Bankers' Association to the several clubs and extending the privileges of the clubs to them.

Referring to complaints which had been made with regard to the delay on the part of the Secretary in acknowledging subscriptions, he explained that the delay was owing to his (Mr. Wilkie's) absence in the North-West, and that his signature on the first proofs of associate certificates was imperfect, and was not made perfect until very nearly the time of his return to Toronto.

BANKERS' EXAMINATIONS

MR. G. W. HODGETTS read a paper advocating the establishment of examinations on banking subjects, introducing his essay in the following words: "I am sure you are all agreed with me when I say that the JOURNAL which is put into our hands every year is becoming of increasing value and interest to the members of this Association. I read an article in the current number which suggested this paper to me a few days ago; but you will see, as I read it, that our President in his very able address has already covered the same ground to a certain extent. I think that this subject is a matter of vital importance, not only to the Associates themselves, but also to the Association, and therefore I will present it, in as short form as possible."

(Mr. Hodgetts' paper will be published in the next issue of the JOURNAL).

MR. WILKIE, the President—I think that this paper hardly requires discussion; it is true from beginning to end; but I am sure we would all like to hear the views of any Associates present upon it, and suggestions as to how the Associates can be induced to spend more time in the study of banking.

We have done everything we could, as Presidents and General Managers, to encourage Associates to become students of banking. What more ought we to do? If any Associate can give us a good suggestion I am sure that every bank represented will be glad to follow it out; but it is an unfortunate thing, after all the trouble we have taken and the money that has been spent, that so many should absolutely neglect the study of the theory and of the practice of banking. I can assure you that there is only one way to get to the top; you have got to work for it and read for it; and you have got to study for it. If you don't do that you will never rise beyond the position of ordinary clerks.

MR. FARWELL moved that the thanks of the Association be tendered Mr. Hodgetts for his very excellent paper, and that it be published in the JOURNAL. The motion was seconded by MR. BURN and carried.

MR. WALKER—I think it would be a very good thing indeed, and one that we ought to look forward to, that we should some day have a special examination on the lines of the examination in Scotland, a more practical examination, perhaps, before men take such advanced positions as the regular accountantship. But, what those who have to deal with applicants for positions in banks realize at the present time, is that the average applicant, after passing through a high school examination in Canada, cannot pass an examination on the "three R's," that he is not as well educated as a boy out of a Dame school in Scotland, or a Parish school in England. The trouble in Canada is not the unwillingness of the young Canadian to study, but he is turned out of our High schools as badly equipped for business life as he can be. . . . Likely, capable fellows leave school unable to spell, and many a boy loses his opportunity of getting into a bank because he has not the first chance, under our educational system, of doing well in life. As a man born in this province, and very proud of what our educational system purports to be, but very sorry it does not come up to its professions, I cannot help but say that that is our experience, and we find it hard to get applicants for admission into the bank who spell well enough to be bank clerks at all.

MINOR PROFITS

MR. G. DEC. O'GRADY then read a paper on minor profits in banking, which evoked a lengthy and interesting discussion.

On motion of MR. STRATHY, seconded by MR. COULSON, a vote of thanks to Mr. O'Grady was unanimously passed.

THE PRESIDENT introduced the Hon. R. R. Dobell, M.P., calling upon him to address the meeting.

MR. DOBELL in the course of his remarks said:

I have heard it spoken of in almost every country that I have been in, and I myself feel, that the banking law of Canada to-day stands first in the list of banking laws of the countries of the world. (Hear, hear).

I think it is not very surprising, when I find a body of men, such as I see before me, anxiously devoting their time and attention to financial matters, and stimulating their young men to take up this question of banking as a scientific study, and to arrive at some conclusions as to the best means of carrying on the banking interests of this great Dominion.

Perhaps as a trader I might offer advice to the bankers—but I do it with very great diffidence, because I can say that I have always received the greatest consideration at the hands of banks—that if there is one danger the banks might guard against, I would say it is not holding the reins steady, but one time driving a little loose, and then pulling up a little hard. I think of all things that is the most injurious to all interests, and that a banker should never encourage it unless he is prepared to carry out his policy with the individual even to his own loss. As long as the bankers guide carefully, the destinies of this country are safe in their hands.

Mr. Dobell's remarks were received with applause, and the President expressed to him the acknowledgments of the meeting.

On motion the meeting adjourned, to meet again at 8.30 p.m.

EVENING SESSION

WEDNESDAY, Oct. 26th, 8.30 p.m.

The PRESIDENT called the meeting to order.

MR. WEIR then read a paper on Canadian Trade under French Rule, touching as well upon the inflation of prices resulting from the depreciation of card money, and the ginseng speculation.

MR. HODGETTS moved a vote of thanks to Mr. Weir, which was seconded by MR. SLOANE, and carried.

THE JOURNAL

MR. PLUMMER read the report of the Editing Committee of the JOURNAL as follows:

To the Members and Associates:

The publication of the Sixth Volume of the JOURNAL involved a somewhat larger gross expenditure than that for the preceding volume, the edition of the former being larger (1,500) and the size 507 pages, against 480 in Volume V. Owing to the larger revenue from subscriptions and advertisements, however, the net cost—$947.67—shows a slight reduction from the figures of the previous year. Against this item must be set whatever portion of the revenue from Associate fees—$1,158—is to be considered as attributable to the JOURNAL.

Your Committee have devoted special attention to the development of the department for questions on banking law and practice, and the result of their efforts in this direction affords them satisfaction. They are still of opinion that in this department and that for legal decisions the JOURNAL can be made of great practical value; its usefulness as a work of reference for banking law must naturally increase with each added volume.

Your Committee see no reason to anticipate a markedly less favourable financial result for the JOURNAL in the ensuing year; nevertheless they would ask that a net expenditure of $300 in excess of the revenue from fees of associates should again be sanctioned, on the possibility of an enlargement of the JOURNAL being necessary.

A resolution adopting the report and authorizing the expenditure of the amount applied for, was carried unanimously.

It was moved by MR. HAGUE, seconded by MR. COOKE,

That the thanks of the Association be and are hereby tendered to the Editing Committee and the sub-editor of the JOURNAL of the Canadian Bankers' Association, for the able manner in which they have conducted the JOURNAL during the past year. Carried.

In seconding the resolution the PRESIDENT said that he wished to personally thank the Editing Committee for their work on the JOURNAL during the past year. There had been no waste matter in it; everything had been thorough.

The motion was then put and carried.

MR. PLUMMER expressed his appreciation of the vote of thanks. He admitted feeling that the JOURNAL was a credit to the Association, but for that the Committee did not claim much credit. The matter it contained had been interesting because they were fortunate enough to find a sufficient number of people who could write interesting articles and were willing to contribute them to the JOURNAL; while in the department in which many of the Associates were most interested, because of its practical value, namely the questions on practical points and the legal columns, they had the invaluable assistance of Mr. Lash.

MR. HAY—I do not need to speak on behalf of the JOURNAL, it speaks for itself, and speaks "volumes," too. What Mr. Plummer has said is very true: but for the very earnest support we received from all sides, we certainly could not have placed the JOURNAL where it is to-day, and I think Mr. Plummer is entitled to the credit which you have given him.

The cost of the JOURNAL is of course a serious matter, but I think that the benefits derived from it warrant the cost. The details of the cost will appear in the Editing Committee's report, and I think when you come to look closely at it, it will appear that Mr. Plummer's bill is really not an alarming bill, like some plumbers' bills. Gentlemen, I thank you very much.

The sub-editor also acknowledged the vote.

CROSSED CHEQUES

Mr. Lash read a paper on "Crossed Cheques," which is published elsewhere in this number of the JOURNAL.

THE PRESIDENT—If there are any particular points in Mr. Lash's paper that are not perfectly understood it will be proper, I presume, to ask Mr. Lash any questions in reference thereto.

MR. LASH—I shall be very glad to have any questions asked, and will endeavor to answer them.

MR. STANGER—Would the words "and Co.," which are the usual words used in England, have the effect of a general crossing.

MR. LASH—No. The words "and Co." are not authorized here at all.

MR. STANGER—Would not the parallel lines with "and Co." be effective?

MR. LASH—If the crossing had the parallel lines I would not be prepared to say that the words "and Co." between them would make it not a crossed cheque, but it would not add any force to the parallel lines. We have not had any decision on that point, and I can only say I think the court would regard it as surplusage.

MR. GAMBLE—As I understand it, if a cheque payable to order is not crossed the bank paying it is responsible for the endorsement, and therefore it is immaterial to the drawer of the cheque whether it is crossed or not; he is safe as far as the endorsement is concerned. What advantage is it to him to have it crossed?

MR. LASH—He is safe to the extent that the bank cannot charge against him the amount of the cheque: but in order to

object to the charge which the bank has made against him when it has paid the cheque, the question of forgery, or of authority, if endorsement be by procuration, at once comes up; and if the bank does not at once assent to the claim of the drawer, that the cheque was paid on a forged or unauthorized endorsement, there is a law suit on his hands which he has to fight out with the bank before he can establish that they have not any rights. But if he crosses his cheque and it gets into the hands of the payee—which is by all odds the most frequent event—then the payment by the bank discharges the drawer from the obligation which he was under and in respect to which he gave the payee the cheque; it discharges the bank, because it makes no difference whether there was a forgery or not on the cheque; and the result is that the bank and its customer are out of the transaction, both of them discharged, and no trouble or law suit between them. The payee, the man who had possession of the cheque and who lost it or had it stolen from him, the only one of the three whom you could blame for doing something or for not doing something, is the one who has to stand the consequences of the loss. If the payee, however, wants to protect himself against the consequences of having that cheque stolen from him, or of losing it and having it found by another and his name forged and so on, he can put on the words "not negotiable;" a cheque bearing a crossing with the words "not negotiable" on it may be safely left anywhere so far as the ultimate right to it is concerned. In almost every case the payee who receives a cheque wants to put it in his own bank, that is, he does not negotiate it and circulate it, but deposits it in his bank for collection or to his credit; and if it is crossed, and he adds "not negotiable," he cannot suffer loss, no one can get a title to the cheque unless he (the payee) gives it to him; and anyone who finds that cheque could not make use of it; no one in his senses would take a cheque from a man that he did not know all about if it was marked "not negotiable."

MR. GAMBLE—But the drawer of the cheque might lose if the cheque does not get into the hands of the payee, so that crossing it is rather a disadvantage as far as he is concerned.

MR. LASH—In all matters of commerce it is the great bulk of transactions that should govern; what is best for the bulk of the transactions you are engaged in. If your chances of loss are reduced to a minimum, as they are in the one case in which there is some risk, which is the case that you put, and if they are reduced to nothing in the rest of your transactions, you are bound to come out ahead.

In the case of a cheque not reaching the payee's hands, after having been crossed by the drawer, the chances of anyone

being able to deal with it to the detriment of the drawer are reduced to a minimum. No individual can get payment of it, because the bank won't pay to an individual, and therefore the person who finds the cheque and forges the name on it must find somebody to take it from him who has a bank account, and the chances are against his finding such a man. If he does find such a man, of course he may succeed in getting it done; but men who have bank accounts, and men from whom the bank will take it for collection, are not the men who would help a forger or would take a cheque and give value for it, and make themselves responsible for the endorsement, if they did not know that the transaction was perfectly regular.

MR. GAMBLE—Can the drawer make the cheque "not negotiable?"

MR. LASH—Yes; but I can see objections to that, because he does not know what the man to whom he sends the cheque may want to do with it.

MR. STANGER—The addition of the words "not negotiable" would be an extra precaution in remittances from a bank to one of its customers by post.

MR. LASH—A great precaution; in fact, I do not know anything that would be safer than using the words "not negotiable" in connection with a draft.

MR. PLUMMER—I think we would understand the situation better if we remember the difference between the English law and ours as to uncrossed cheques. Because of their Section 60, when a man draws an uncrossed cheque payable to order he has not the protection Mr. Gamble referred to: if an uncrossed cheque payable to order is sent by mail in England, and gets into the hands of someone who forges the endorsement, the drawer's responsibility as to that cheque is the same as his responsibility here for a crossed cheque lost between him and the payee. In England, therefore, he is no worse off in sending a crossed cheque than an uncrossed one. Here there is the difference Mr. Gamble mentions, but which Mr. Lash has, I think, conclusively shown not to be of any moment.

MR. LASH—If the great bulk of the cheques which a man issues does get into the hands of the payee, and I think that it does—it is difficult to name a percentage. I have before now suggested 99 out of 100, but it is more likely 999 out of 1,000. In the thirty years I have been in business I cannot recall a single case in which any cheque we have sent, and which did not get into the hands of the payee, gave rise to any trouble. If that be the case, and if it be to the benefit of the drawer of a cheque that it should be crossed

on coming into the hands of the payee, then it stands to reason that such is the rule he should follow, and that he should not decline to follow that rule merely because there is a single exception which a man may not meet in twenty years, under which he may possibly suffer some inconvenience or loss. It is a matter not of law that I am now discussing, but a matter of business; and I would like to hear the opinions of those present as to whether I am right in my belief that the great bulk of the cheques issued by drawers do get into the hands of the payees, that the exceptions are few and far between, and that as to those exceptions, the cases in which trouble arises are also few and far between. These are questions of fact.

Several Associates assented to Mr. Lash's propositions on the question of the percentage of cheques which reaches the payee's hands.

THE PRESIDENT—The law in Canada as to crossed cheques is exactly the same as in England, with the one exception that in this country we can uncross a cheque, and in England that cannot be done.

MR. LASH—Yes.

MR. PLUMMER—They do it in England as a matter of practice.

MR. LASH—I was speaking of it as a matter of law.

MR. PLUMMER—The London banks pay cheques that are opened or un-crossed by the drawer or the payee.

THE PRESIDENT—The law then is the same in Canada as exists in England; that is something that should be kept in mind when we see a test case in England; with the one exception I referred to, we can apply it to ourselves here.

MR. PLUMMER—I would like to ask Mr. Lash, before we close the discussion, whether it is quite clear that, under the usual practice we have in Canada of not collecting cheques for our customers, but receiving the cheques for the credit of the customer's account, that is to say, negotiating them and becoming the holders, we are protected under the section he quoted?

MR. LASH—This is entirely a question of fact, not a question of law, except so far as the law would apply to the facts when they are ascertained. The mere fact that a cheque is put to the credit of a customer's account does not of itself make the transaction not one of collection; it depends entirely upon the understanding and agreement between the bank and its customer. Very frequently, as a matter of convenience in bookkeeping, the whole thing goes into one account; but because it goes into one account that does not of itself show that it is one or other of the two transactions; the real fact must be found.

Now, to take a clear case, so that you will better understand the principle, suppose there was a written instrument between the bank and its customer that all cheques received should, unless to the contrary expressly arranged and agreed on, be received for collection and for collection only, and that the fact that the cheque was entered to the credit of the customer's account was merely for convenience, that everything might go in one account instead of having a collection account open for the same customer; then it would be clear beyond question that it was a collection transaction, and not a cashing or purchase of the cheque. Follow down from a case of clear evidence and you may get to a case in which the question of fact is doubtful, but after all it is a question of fact.

All I can say is that the mere fact of entering the cheque to the customer's credit, according to the system that is in vogue here, does not itself do much more, at all events, than raise a *prima facie* case; the real position, the understanding or custom between the banker and the individual customer, or one of a class of customers, would necessarily govern on that question.

Of course, if the cheque was, in fact, not received for collection, then the particular section of the statute which gives protection when received for collection and not otherwise, would not apply.

MR. PLUMMER—In other words we should be careful to have an understanding with our customers that would cover that point.

MR. LASH—Yes. That could be easily done.

MR. PRENDERGAST moved, seconded by MR. BIENVENU, that a vote of thanks be passed to MR. LASH for his very able paper on the question of crossed cheques; and that his permission be asked for its publication in the JOURNAL.

MR. PRENDERGAST—It affords me the greatest pleasure to offer this motion, because Mr. Lash's paper was most exhaustive, and his readiness to answer questions has made the subject still clearer to everybody present.

THE PRESIDENT put the motion, and, on a vote having been taken, declared it carried unanimously.

THE PRESIDENT tendered the vote of thanks to Mr. Lash, who replied thereto, and consented to his paper being placed at the disposal of the Editing Committee.

MR. PLUMMER moved, seconded by MR. COULSON:

That in the opinion of the Canadian Bankers' Associa-

tion the general use of crossed cheques in Canada would be of benefit to the commercial community, and that a committee consisting of representatives of banks to be named by the incoming Council, with power to add to their number, do take such action as they may think desirable with the view of promoting the use of crossed cheques by the customers of banks.

THE PRESIDENT put the motion, and on a vote having been taken, declared it carried.

The meeting adjourned to Thursday the 27th inst., at 9.30 a.m.

SECOND DAY

Thursday, 27th Oct., 1898, 9.30 a.m.

THE PRESIDENT, in the chair, called the meeting to order.

MR. PLUMMER—There seems to be some difficulty in connection with the new system of money orders, and I think it would be well for us to air it a little at this meeting. Several of the banks have started issuing these money orders indiscriminately to their customers, no matter at what point they may be paid; that is to say, branches of our own bank give them to their customers to remit them to Montreal and Toronto, where they might issue the ordinary drafts, and so avoid any question of commission. When these money orders are sent, say to Montreal, they may be deposited in another bank, and that bank sends those orders into our office, collecting half the commission. Some question has been raised by one or two associates who are not now present as to the propriety of this course; and to me it does not seem quite fair, when a bank does not redeem the money order but takes it as a local item merely on deposit, that it should receive a commission. On the other hand I find that some banks have issued instructions to their branches not to issue these orders except when they are needed for remittance to a point where they themselves have no branch. Using them in that way is not carrying out what I conceive to have been the reason for establishing the money order system, that is, to compete with the express companies by furnishing our customers with money orders quickly and promptly, without the delay incidental to the filling of requisitions and getting the drafts regularly signed. They are not issued in such a case to save the customer's time and trouble, but only to save the banks a commission, or to enable them to draw on points which they could not otherwise reach.

If every bank that cashes a money order (whether it cashes it outside of Montreal or not) is to get a commission on it, I suppose the banks generally will adopt the plan of not issuing money orders except to reach points at which they would not be able to make their drafts payable, and that, it would seem to me, would be a pity.

I would like to know what is the feeling of the country managers, who are very largely represented here. My own impression is we should abolish the commission paid the banks and each of us pay the money orders without charge. I think in the end we would each be as well off as under the present system of dividing the commissions.

MR. FARWELL—I have felt all along it was a mistake to have this division of the commission; I think it will result in this, that the orders will not become popular, they will not be sent broadcast as the orders of the Express Companies are sent, and people will not see them except in cases where a bank can save a little commission by having them paid at another point. But if the commission went wholly to the issuing bank—it is not a large commission, hardly enough to divide with anybody—they would be issued very often, and issued in the place of drafts.

I think if the division of commission were abolished the matter would equalize itself, and that they would make just as much out of the money orders without division of commission as they do now with it. I certainly should be very glad to see the division of commission abolished.

THE PRESIDENT—The popularity of the money orders does not depend upon how the commission is divided.

MR. FARWELL—I do not know that. If they are seen floating around day by day, they must become popular, while, if they are seen but very seldom, they are curiosities.

THE PRESIDENT—They will only be seen if they are popular. I would be very much afraid that the larger banks would object to paying money orders without receiving a share of the commission. I can quite understand that a bank with one or two agencies would be quite willing to enter into an arrangement by which every other bank would pay its money orders without charge. Our own bank is not particularly interested in it, but I should think that a bank like the Bank of Montreal, the Bank of Commerce, or the Merchants Bank, would suffer by it.

MR. PLUMMER—We would not suffer as we do under the present system, which is to issue orders freely to all customers who want small drafts, without taking into consideration whether we have a branch at the point at which they are to be paid or not. If the system of division of commission be not

modified, we shall have to do what other banks are doing, restrict their use to points where we have no branches. However, I quite feel this is not a matter to be settled at this meeting. It is a matter, if we take any action at all, to be referred to the incoming Council, to be fully threshed out there. I would not like to speak for my own bank on the spur of the moment; all I can say is I myself would strongly favour, as far as we are concerned, the abolition of the commission. I think, taking it all round, we issue about as many drafts as we pay; and we would get about as much commission by retaining the whole commission on our own issues and paying the orders of other banks without charge, as we do now out of the divided commission.

MR. CHARLES—I was sorry the Bankers' Association divided the commission, taking what I call two bites of a cherry. We should treat these bank orders as we do circulation, and pay as we pay the notes of other banks without charging a commission. We must stand together on this as against the express companies, and my impression is that these money orders will never be popular until all the banks refuse to pay express orders at par. We did not lower our commission enough to meet the competition of the express companies, because you can get express orders up to $5 for three cents and people get into the habit of going to the express companies for these small orders, and often when they are getting two or three small orders they get larger ones at the same time, knowing that they will be paid by the banks at par.

MR. HAGUE—I believe that is the true solution of any difficulty that may have arisen in the working of this money order system, which was instituted to meet the competition of the express companies. It is an anomaly that we pay all express orders at any point without charge while we make a charge for bank drafts of precisely the same character drawn by our fellow bankers; it is unreasonable; and I am quite satisfied you will never get the system into operation and have it answer the object it was intended for, to meet the competition of the express companies, until you make a charge for cashing the drafts of express companies. The great handle that the express companies have is that they can issue drafts and scatter them broad-cast over the country, and there is no need for them to keep any money at these various places as there is with us, because the banks are as willing to take and pay express orders as if they were bank notes. I quite agree with the remarks made by Mr. Plummer and Mr. Charles that this is the proper way to work the system.

THE PRESIDENT—When we proposed to make a charge on

express orders we were met by the objection that certain institutions would continue to pay these express orders no matter what arrangement was made by the other institutions.

MR. PLUMMER—Do you refer to the banks that have express companies' accounts ?

THE PRESIDENT—I refer to the banks that have the accounts of the express companies.

MR. PLUMMER—Is there any reason why they should not continue, while the rest of us drop out.

THE PRESIDENT—Yes. If you have a large dry goods account, we will say, and another bank, a branch of the bank which has an account with the express company, has a share of that account or has a rival account, and your customer is receiving express orders in large quantities from his different customers, and is charged by his banker upon them, and his rival in the trade, or he himself, in his account with the other bank, is able to have these orders cashed for nothing, your customer in your bank is constantly at a disadvantage as compared with the customer of the other bank and as compared with his own treatment by the express company's bank. It is not a question for the bank to consider in its dealings with the express companies, but it is a question between the bank and its own customer, in placing that customer at a disadvantage. The first thing your bank will know, with the competition going on to-day, your customer is out of the office and is issuing cheques on the other bank ; and you have lost a good account.

MR. YOUNG—That surely could be arranged to be met in a matter of exchange between the banks ; the customer of the bank where the account of the express company is kept would have an advantage ; but it seems to me that difficulty might be met in this way, that his orders would pass at par as between the banks, but not over the counter.

MR. PLUMMER—I think what Mr. Young says meets the point ; he is really only urging the rule we all follow, that is, if there are any items which are redeemable locally we do not make any charge, it makes no difference whether they are money orders or cheques. It would be absurd for us to say here that although a certain bank clears certain express orders through the Toronto Clearing House, we would not take them at par ; they are, for practical purposes, cheques drawn on a particular bank.

THE PRESIDENT—That is all right in Toronto ; but take the case of, say, a Merchants Bank customer at Ingersoll, and I would ask you if the Merchants Bank is going to charge them

a commission upon express orders payable at the Imperial Bank, Toronto, when all that the customer has to do is to put them in the Imperial Bank at Ingersoll free of charge. How long would the customer stand that regulation ?

MR. PLUMMER—The same rule would apply, if they are items redeemed locally free of charge, they become in effect cheques on the Bank at Ingersoll.

THE PRESIDENT—I am not supposing that the bank would be obliged to pay or to take them at par ; but that they turn to the Merchants' Bank customer and say, we will take them from you but we won't take them from another bank.

MR. CHARLES—That is what they do ; in Galt the other banks refuse to take orders from us, but they would pay them across the counter.

After some further discussion it was moved by MR. PLUMMER, seconded by MR. FARWELL:

That the incoming Council be asked to take into consideration the working of the present money order system, with a view to the abolition of the practice of allowing the paying bank a share of the commission; and also that they be requested to take into consideration the express money order system, with a view to meet that competition more successfully than we have in the past, by the imposition of a charge or otherwise.

On a vote having been taken the PRESIDENT declared the motion carried.

CLEARING HOUSE RULES

MR. PLUMMER—I have one formal motion to make ; at the last meeting of the Association, on my motion, a committee was appointed to prepare a set of Clearing House rules. There was another somewhat similar committee, that on rules respecting endorsements, which took so much time that not very much progress was made with regard to the Clearing House rules. At the request of the President of the Clearing House Association in Toronto I got together copies of all the rules in force throughout Canada, and a large amount of information derived from representatives of the various Clearing Houses throughout the country. That is about the position in which the matter now stands. I would move the re-appointment of that committee. I think it would be well to add to the motion that either the representative of the Montreal or Toronto Clearing House should act as convener.

THE PRESIDENT—I think, considering the fact that the motion has originated here, we had better allow the chairman of the Toronto Clearing House to act as convener. We will add to the motion the words, "the representative of the Toronto Clearing House to be convener."

THE PRESIDENT put the motion as follows:

That a representative of each of the clearing houses at Winnipeg, Hamilton, Toronto, Montreal, St. John, Halifax, Victoria, and Vancouver, to be selected by the respective Clearing House Associations, with the representative of the Toronto clearing house as convener, be a committee to prepare a standard set of clearing house rules for use at all points in Canada where clearing houses are or may be established, with a view to uniformity of practice, and to the extension to all Clearing House Associations of the best features found in the various existing rules; the committee to report to the Executive Council, who are empowered to take measures to bring the new rules (as approved or amended by them) into general use in Canada.

On a vote having been taken, the motion was declared carried.

THE NEXT ANNUAL MEETING

THE PRESIDENT—It has been suggested that our next annual meeting should be held in Montreal.

Does any associate wish to suggest having it elsewhere?

MR. PLUMMER—There is a very cordial invitation from Winnipeg.

THE PRESIDENT—Yes; there is a great desire on the part of Winnipeg that we should go there.

MR. HAGUE—There is a general feeling, I think, that the Association can only meet in the two principal cities. It may seem rather selfish on my part to say this, but there is a convenience in having the Association meet in these two banking centres of the Dominion. However, I do not object to another place being suggested.

MR. PLUMMER—I think the associates would be in favour of Montreal the coming year; but it is a matter for the Council.

THE PRESIDENT—It is entirely a matter for the Council, but they are glad to have suggestions.

THE EVIDENCE ACT OF P. E. I., 1897

Moved by MR. PRENDERGAST, seconded by MR. SCHOFIELD, that the Council be authorized to address a memorial to the Minister of Justice, praying for the disallowance of an Act of the Prince Edward Island Legislature, entitled, "The Evidence Act, 1897," on the ground that it interferes with Interprovincial trade, and for reasons to be set forth by the Council.

THE PRESIDENT put the motion, and on a vote having been taken, declared it carried.

SPECIAL LEGAL TENDER NOTES

MR. PRENDERGAST—May I ask a question about keeping a register of special legal tenders. Couldn't it be suggested to the incoming Council that they should take the matter into consideration? If some banks keep a register of special legal tender notes, and other banks do not, I believe that very little advantage will be gained by those who go to the trouble of keeping a register.

THE PRESIDENT—Would you make a motion, asking the incoming Council to take the matter up, with a view to suggesting to every bank that registers should be kept?

MR. PRENDERGAST moved, seconded by MR. PLUMMER—That the incoming Council be requested to suggest to all banks that a register should be kept of special legal tender notes, with a view to mutual protection.

THE PRESIDENT put the motion, and, on a vote having been taken, declared it carried.

MR. WINSLOW—Would it be practicable to confine these bank legal tender notes to points at which they would likely be used? It seems to me that there is no need for sending notes of that class from Toronto to Winnipeg or Montreal to Toronto.

THE PRESIDENT—That is one of the objects of the notes, so that they may be mailed. Very large amounts of money are sent from time to time from Toronto or Montreal to Winnipeg, and from Winnipeg to Montreal or Toronto.

MR. WINSLOW—If the assistant Receivers-General at those points had sufficient of them on hand at all times for the use of the banks at those points, I cannot see why they should be moved about.

THE PRESIDENT—The question would arise, how would

the Receivers-General be paid. We had for discussion yesterday before the Executive Council the question as to the transmission of legal tenders from one point to another.

VOTE OF THANKS TO THE PROVINCIAL GOVERNMENT

MR. HAGUE moved, seconded by MR. PEASE, that the thanks of the Association are due to and are hereby tendered to the Provincial Government for the use of the rooms granted to this Association by them in the Parliament Buildings during the last few days.

THE PRESIDENT—I may say it is very unusual for the Government to grant a concession of this sort, but Mr. Hardy was kind enough to recognize the importance of this gathering, and to say he would be glad to make an exception in favour of the Association. I feel that it was most kind of him to take this view and to grant us this privilege, and I am sure the vote of thanks we pass will only convey part of our gratitude.

THE PRESIDENT put the motion, and, on a vote having been taken, declared it carried.

ELECTION OF OFFICERS

THE PRESIDENT—We have now come to the order of business entitled "Election of Officers," an order of business in which the Associates, as Associates, although very much interested, are not allowed by the constitution of the Association to do more than sympathize. In bidding you farewell as your president I do so with much regret. My last year has been an interesting one, at the same time it has had its worries and responsibilities, and I look forward with some degree of pleasure to my release from those worries and responsibilities. In leaving this chair, however, I wish to express to you my thanks for the attention that I have received from every member of the Council and from the Associates; and to say to the Associates that, so far as their ambitions are concerned, if they have any idea of assuming a responsibility of this kind at a future date, they have to fight their way through a number of ranks, but when they have got here, the worry, and the exertions, and the annoyances will be amply repaid by the high honour one feels he has received at the hands of his fellow bankers. I have nothing more to say beyond thanking you heartily for the great interest you have taken in this meeting and expressing the hope that future gatherings will be equally successful.

The President's remarks were received with hearty and prolonged applause.

MR. BIENVENU—As the youngest member of the Executive Council for the year, and on behalf of the French Canadian banks which we may, perhaps, more particularly represent (my confrere, Mr. Prendergast, and myself), on this honourable board of our Association, allow me to offer you our sincere thanks for the valuable work accomplished by you and by the Council during the past year under your able presidency. I am happy to say, Mr. President, how much we have often admired your justice and generosity towards us. Our relations with our English banking confreres have always been courteous and agreeable. We are nothing to be compared with your large institutions as to importance and capital. I am sure you, however, credit us with the value of the services rendered by our small banks to our commercial customers. Again, Mr. President, please accept our congratulations.

MR. PRENDERGAST—I can only say I cordially concur in the remarks of my good friend and confrere Mr. Bienvenu, but I believe he has not gone far enough in eulogizing the spirit of fair play shown and the valuable services rendered the institution in general by our President, and the lessons of moderation that his long experience has enabled him to teach us in particular.

THE PRESIDENT—Mr. Bienvenu and Mr. Prendergast, I am exceedingly obliged to you for the courteous way in which you have expressed your sentiments towards me. I must plead not guilty to some of the charges you have made, but I will say I am proud to have had the opportunity of helping along what Mr. Bienvenu has been modest enough to call "the smaller institutions." The country is not made up altogether of the larger institutions, and I think without the smaller ones we would have very much less progress to boast of than we have to-day.

MR. FARWELL—I think before we proceed with the election there is another duty to perform; Mr. Bienvenu only tendered the thanks of the French-Canadian banks, and I think before allowing the President to retire, even for a few minutes, which is all I anticipate it will be, that we should pass a vote of thanks to him for the able manner in which he has administered the affairs of the Association during the past year. I am sure that while the honour has been very great, the labour has been very heavy indeed. The duties of the office might perhaps be made less laborious than he has seen fit to make them, by getting along in an easier manner; but I am sure our President has given a great deal of time to it and is entitled to our best thanks, and therefore I have much pleasure in moving a vote of thanks to him.

MR. SCHOFIELD—I second the motion with very much pleasure.

THE PRESIDENT retired from the chair.

MR. HAGUE put the motion, and said—I have very much pleasure in putting the motion, and I think we ought to give a standing vote to show our appreciation of the manner in which the duties have been discharged.

The members present assented by a standing unanimous vote, and heartily applauded the passing of the motion.

MR. HAGUE tendered the vote of thanks to Mr. Wilkie.

MR. WILKIE in reply said—I will simply thank you for the very hearty way in which you have responded to the vote.

ELECTION OF OFFICERS

The members then proceeded to elect officers for the ensuing year, with the following result:

HONORARY PRESIDENTS

Lord Strathcona and Mount Royal, President Bank of Montreal
George Hague, General Manager Merchants Bank of Canada
F. Wolferstan Thomas, General Manager Molsons Bank

PRESIDENT

Thomas McDougall, General Manager Quebec Bank

VICE-PRESIDENTS

D. Coulson, General Manager Bank of Toronto
H. Stikeman, General Manager Bank of British North America
H. C. McLeod, Cashier Bank of Nova Scotia
George Burn, General Manager Bank of Ottawa

EXECUTIVE COUNCIL

E. S. Clouston, General Manager Bank of Montreal
B. E. Walker, General Manager Canadian Bank of Commerce
Thomas Fyshe, Joint General Manager Merchants Bank of Canada
D. R. Wilkie, General Manager Imperial Bank of Canada
G. A. Schofield, Manager Bank of New Brunswick
M. J. A. Prendergast, General Manager La Banque d'Hochelaga
D. H. Duncan, Cashier Merchants Bank of Halifax

W. Farwell, General Manager Eastern Townships Bank
J. Turnbull, Cashier Bank of Hamilton
H. S. Strathy, General Manager Traders Bank of Canada
G. Gillespie, Superintendent of British Columbia Branches Bank of British Columbia
R. D. Gamble, General Manager Dominion Bank
E. E. Webb, General Manager Union Bank of Canada
T. Bienvenu, General Manager Banque Jacques Cartier.

EDITING COMMITTEE JOURNAL OF THE ASSOCIATION

J. H. Plummer (Chairman), Assistant General Manager Canadian Bank of Commerce
J. Henderson, Inspector Bank of Toronto
E. Hay, Inspector Imperial Bank of Canada

(Corresponding Members)

F. Hague, Merchants Bank of Canada, Montreal
C. S. Hoare, Manager Imperial Bank of Canada, Winnipeg
W. Godfrey, Manager Bank of British North America, Vancouver
W. B. Torrance, Assistant Cashier Merchants Bank of Halifax, Halifax
W. E. Stavert, Manager Bank of Nova Scotia, St. Johns, Nfld.

AUDITORS

T. Bienvenu, General Manager La Banque Jacques Cartier
J. G. Muir, Chief Accountant Merchants Bank of Canada

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The seventh annual meeting was then declared closed.

THE BANQUET

THE annual banquet of the Association was held in the Pavilion on Thursday evening, 27th Oct. The retiring President occupied the chair. On his right were: The Lieut.-Governor of Manitoba, Hon. David Mills, Hon. Clifford Sifton, Hon. R. R. Dobell, Hon. George A. Cox, George Hague, W. F. Maclean, M.P., the president Toronto Board of Trade, and Sir Wm. Howland; and to the left were: The Right

Rev. the Lord Bishop of Toronto, Hon. Wm. Paterson, Hon. G. W. Allan, His Worship the Mayor of Toronto, Hon. G. W. Ross, Lord Ava, Lieut.-Col. Otter, Vicar-Gen. McCann.

The guests numbered upwards of 300, and among others present were: George Burn, Chancellor Burwash, W. C. Cornwell, Buffalo, J. M. Courtney, D. Coulson, Lieut. Col. Delamere, Lieut.-Col. Denison, Hon. E. J. Davis, J. J. Foy, Q.C., M.P.P., Wm. Grindlay, R. D. Gamble, E. Hay, H. S. Howland, J. Henderson, A. H. Ireland, A. Kirkland, Z. A. Lash, Q.C., Dr. Loudon, Col. Mason, J. H. Plummer, Dr. Parkin, C.M.G., M. J. A. Prendergast, T. C. Patteson, George P. Reid, H. S. Strathy, Col. Sweny, Prof. Goldwin Smith, G. A. Schofield, Rev. Father Teefy, Provost Welch, Chancellor Wallace.

Following the toast of "The Queen," came that of "The Governor-General and the Lieut.-Governors of the Provinces," which was responded to by Hon. J. C. Patterson.

"The Dominion and Ontario Parliaments" was responded to by the Honourable Messrs. R. R. Dobell, Wm. Paterson, Clifford Sifton, G. W. Ross and N. Clarke Wallace. Mr. Paterson's remarks dealt particularly with the growth of the country's trade and commerce, and he referred to the mineral districts as cloaking stores of wealth which would make Canada one of the wealthiest countries on the globe.

Mr. Sifton in the course of his remarks said he thought he could claim some credit for the Parliament and people of Canada in that there had never been any serious disturbance of the currency. They had seen in the United States within a short time the danger of violent disruption of affairs caused by interference with the currency, and although they might think such a situation was not likely to arise in the Dominion of Canada, and might feel a great degree of confidence that they were too stable in their ideas, yet sooner or later they might find that the main ideas which predominated with a large proportion of people across the border would be agitated and brought before the people of Canada. The strength of public opinion would some time be tested as to whether or not the currency should be altered; and it was well that the question should be thoroughly understood, and that banking men and men called upon to discuss financial questions should make it clear that they were not a close corporation, and were not calling for legislative protection regarding the currency, adverse to the farmer, the business man, or the labourer. Many years ago,

one of the greatest statesmen of the United States—no less a man than Daniel Webster—gave his attention to the subject, and he expressed his views in these words—words that ought to be written above the door of every legislative body that has power to legislate in regard to the currency: "He who tampers with the currency robs labour of its bread." (Applause.) There never was a more happy expression of a great truth; and after Webster had made use of it he proceeded to show, as it had never been demonstrated before, with the great ability which characterized that wonderful man, that whatever advantage might be derived by a section of the community from the fluctuations of the currency, to the ordinary business man and farmer nothing but loss would follow. The speaker had referred to this subject, not because it was of pressing importance just then, but because it was in times when people were prosperous that they were most willing to listen to matters of that kind. It was when prosperity was rife that people were disposed to receive sound views and appreciate them, and to-day was the time when banking men and school teachers and college professors, and all who had opportunities of disseminating information, should impress sound views on this question upon the people, so that no national disasters might arise.

"The Army, Navy and Militia," was responded to by Lieut.-Col. Otter; "The Banking Interests of Canada," proposed by Mr. George Hague and replied to by Mr. B. E. Walker; "Our Guests from the United States," proposed by Dr. Parkin and responded to by Mr. W. C. Cornwell, Buffalo; "The Press" by Messrs. J. S. Willison and W. F. Maclean, M.P.; and "The Mayor and Corporation of the City of Toronto," by His Worship the Mayor of Toronto.

ADDRESS OF THE PRESIDENT OF THE CANADIAN BANKERS' ASSOCIATION

DELIVERED AT THE SEVENTH ANNUAL MEETING OF THE ASSOCIATION

MY term of the important office to which you were good enough to elect me during my absence from the last annual meeting has been marked by a revival in Canada of trade and manufactures, by an improvement in the value of agricultural products, by the development of the gold areas in the Yukon District, by increased development in the mines of the Kootenay and Lake of the Woods Districts, and by the addition of many millions to the national wealth.

It may fairly be said that the Dominion has shaken itself free from the depression that followed upon a succession of years of low prices and poor markets. No better evidence of the progress that has been made can be given than may be found in the monthly returns of chartered banks to the Government. The average public deposits in the banks for the five years, 1883-87, amounted to (approx.) $100,000,000; for the succeeding five years, 1888-92, they amounted to $134,771,032; and for the five years, 1893-97, to $184,000,000.

On 30th September, 1898, the amount on deposit was no less than $238,573,704.

Within the same period loans and discounts, excluding loans to Governments, increased from an average of $165,500,000 for the five years ending 1887, to $249,513,576 on 30th September, 1898. Deposits in Government and other savings banks increased from $51,000,000 in 1887 to $64,000,000 in 1897. Deposits in loan companies stood at $18,251,422 in 1887, and at $19,667,102 in 1897, in addition to which the Canadian debentures of these companies grew from $6,900,000 in 1887 to $11,900,000 in 1897.

The failures in Canada in 1877 amounted to $25,523,000;

in 1887 to $17,054,000; in 1897 to $13,147,929. For the nine months ending 30th September, 1898, they amounted to $6,735,476, as compared with $11,465,322 for the corresponding period of 1897, and $12,485,046 for that of 1896.

The bank clearings for the year 1895, which is as far back as the records take us, amounted to $1,040,000,000; in 1897, $1,182,000,000; 1898 (9 mos.), $959,893,000 (exclusive of Victoria and Vancouver).

METALLIC MINERALS—KLONDYKE

The successful exploiture of what is known as the Klondyke has added one other to the many attractions of the Dominion. It has furnished a vent for the venturesome and at the same time has created a new and profitable market for the agricultural products and the manufactures of our people. It has done much to set aside the arguments of the distorted bi-metallist by proving that the maintenance of the Gold Standard is no longer dependent upon the output of Australia, of Africa, or of the United States. The government of such a country entails very great responsibilities upon the Dominion, and it is gratifying to know that the fact is now being fully recognized by those in authority. The terra incognita of a few years back is now the Mecca of multitudes, and its development should bring with it immense wealth to the older sections of the Dominion.

The value of the total production of principal metallic minerals in Canada in 1887 is estimated at $2,118,120; in 1897 the value amounted to $13,996,234. It is estimated that the output of gold in the Yukon district alone will this year amount to $8,500,000 (not including $2,500,000—the product of 1897), and that the total output of metallic minerals during the year 1899 over the whole Dominion will amount to $25,000,000. It is impossible to estimate the probable output even five years hence without amazement. The production of non-metallic minerals amounted in 1887 to $9,000,000, and in 1897 to $14,500,000.

MINT

I am not unmindful of the objections which have been raised within this Association to the creation of a Canadian

Gold Coinage, and as long as the gold product of the Dominion was comparatively insignificant no good reason could be brought forward for the establishment of a mint, but the growth in the output of gold from $907,601 in 1892 to a probable output of at least $18,000,000 in 1899, with every prospect of an ever increasing annual production, has brought with it changed conditions. Are we not throwing away our opportunities and underrating our importance in sending our banks and our miners to Seattle, San Francisco, or New York, past our own doors, to exchange their gold dust for coin of a foreign realm? An immense volume of trade is being and will be lost to Canada through returning Yukon miners being forced to take their "clean up" to a foreign mint. A Canadian mint, or, to commence with, a branch of the Royal Mint at Vancouver or Victoria would bring both cities into increased prominence and would be the means of giving those cities the trade of the returned miner, and no one spends more freely, to supplement that of the out-going prospector.

Branches of the Royal Mint have been established in Australia—in Sydney (1855), Melbourne (1872) and Perth (1896), and entail little or no expense upon the Colony, whereas their existence is of incalculable benefit to the gold miner and to local trade.

SPANISH-AMERICAN WAR

Although Canada was not, except through its sympathies, directly interested in the results of the Spanish American war, it is impossible for us not to realize the fact that great changes in the foreign policy of the United States which may affect our commercial relations with that country must follow thereon. Sectionalism must give way to a recognition of trans-marine responsibilities. The ignorance and indifference of the agriculturist of the middle States regarding the welfare of the outside world will soon give place to a lasting interest in foreign conditions. Amongst other results that will follow—have followed I should say—upon the course of events is the establishment of a bond of sympathy and good fellowship between the United States and the Mother Country and the dissipation of the jealousies and misunderstandings of a century. The two nations

should now go hand in hand, a support to each other in the struggle for wider markets and the spread of Anglo-American civilization. The effect of the acquisition of territory upon the trade and commerce of the United States will be phenomenal—the occupation of its new possessions will open immense fields for capital and labour. The manufacturer, the electrician, the scientist, the agriculturist, and, last but not the least, the banker, all will be called upon to assist in the up-building of a great commercial empire. Are we in Canada to stand still? Are we not part and parcel of an Empire that is world wide with a population of nearly 400,000,000 of people, more than twenty-five per cent. of the population of the whole world? Can we do nothing to stimulate and encourage trade within that Empire? Are we forever to be told that the tie between one part of the Empire and the other is to be sentimental and nothing more? Of what use is the shedding of our best blood on the sands of Africa or on the snows of the Himalayas, if nothing is to come of the sacrifice but military glory? The effort of Sir Wilfrid Laurier to awaken an interest in Canada on the part of Great Britain by granting the Mother Country and her other colonies a preference in Canada over foreign nations is the first practical attempt on the part of either to create a union of commercial interests. Are we to rest satisfied with the good feeling that such a policy cannot but engender in the Mother Country or should we look for reciprocal action throughout the empire?

Jamaica, in despair, a victim of the free-to-all policy of England, is wandering helplessly about the seas, knocking at one door and then at another, begging for sympathy. Other West India Islands are in an equally deplorable condition. Can nothing be done to cheer their hearts and lighten their load, or must they perish of loyalty and of an unfeeling and selfish colonial policy? The commercial unity of the United States of America, with its recent acquisitions, Cuba, Porto Rico and the Philippines, will give those outlying territories an advantage over the competing and corresponding territories of our colonial Empire that must in the end be fatal to the continuance of that Empire. We in Canada must be up and doing, and if dismemberment does come, let us have the proud but sad consciousness of knowing that we did all that we were permitted to do to avert the disaster.

ENGLAND'S FOOD SUPPLY

The war has reminded us of the present dependence of Great Britain upon foreign nations for her supply of food. Of wheat and flour alone her imports in 1897 amounted to the equivalent of 180 million bushels of wheat, representing the bread of 30,000,000 of the population. At an average of eighteen bushels to the acre this would be the product of 10,000,000 acres. An eminent scientist has told us recently that before many years chemistry will have to be brought into play in order to provide sufficient food for the hungry; let us assure Sir William Crookes that we have in Manitoba alone acres of untilled arable lands from which can be raised sufficient to supply the wants of Great Britain with a much denser population than she has to-day, and that beyond Manitoba we have in the Territories millions of acres of wheat lands awaiting the plough.

A much more serious question than an ultimate shortage in the world's wheat crop presents itself to the British public.

The war between Spain and the United States had no sooner been declared than England made haste to announce herself as a neutral power, and declared certain articles—coal amongst the number—as contraband of war; if the food of war ships may be considered contraband by one neutral nation, may not the food of soldiers be considered contraband by another? What would England's position be during a war with another power should Russia and the United States, which supply at present over 70 per cent. of England's importations, declare wheat contraband of war? The wealth of India could not buy it and within but a few weeks from the proclamations of neutrality bread riots in London would be the first fruits of a disastrous policy. If a preferential tariff policy is good for Canada, why should we not strive for its adoption by our Motherland? A slight duty on imports of foreign grains into England would bring with it a substantial revenue, would stimulate the settlement of our untilled lands and would within a few years place the food supply of England from within the Empire beyond peradventure without being a burden upon the consumer; the revenue from foreign "corn" would permit of a proportionate reduction in duty upon other articles that enter into daily consumption.

DEEPENING OF CANALS—ABOLITION OF TOLLS

A fourteen-foot channel from Lake Superior to the Sea is promised for the season of navigation of 1899. The effects of that development may be far-reaching. In 1897 only one bushel of Manitoba wheat out of every five was shipped to tide water by the Canadian route—four bushels out of every five found their way to Europe via Buffalo and U. S. Atlantic ports. This year, owing to the unseasonable harvesting weather in Manitoba, the proportion that will go forward via Montreal will be still less. The fourteen foot channel will enable vessels with a cargo of 75,000 bushels of wheat to sail from Fort William or Duluth to Montreal and Liverpool. To-day the largest cargo over the same route does not exceed 18,000 bushels. Canal tolls between Lake Superior and Montreal amount to 10 cents per ton; the total amount of tolls collected during the year 1897 on the Welland and St. Lawrence canals amounted to $254,963.

The construction of those canals at the estimated cost of over $50,000,000 was not undertaken with the idea that the tolls upon tonnage or cargo would do much more than provide for repairs and maintenance. The objects in view were the cheapening of transportation, the diversion to the St. Lawrence route of the products of the great west, the building up of our own ocean ports, and the encouragement of the Canadian carrying trade, coupled with the employment of Canadian seamen.

The toll system, although not onerous, may be sufficient to defeat the objects we had in view, and I am sure that the inauguration of a policy of free canals would raise the value of the main products of our western provinces, would encourage shipbuilding in Canada, would divert to the improved channels a very large proportion of the grain which now is forced to find an outlet to the sea via Buffalo, and could not but be approved of by the Canadian people.

CASH RESERVES OF BANKS

The anxiety of bank officials to increase the earnings of their institutions with a view to the payment of dividends to shareholders was never more in evidence than at present, and the ques-

tion has been asked if in our laudable efforts some are not losing sight of the responsibility which rests upon them of maintaining proper cash reserves. An examination of the monthly report of the chartered banks in the *Canada Gazette* will show weak spots here and there that should be strengthened. The subject is a delicate one; at the same time, under our present system of bank note circulation, each bank is to a certain extent responsible for the administration of every other bank, and I consider the reference excusable. We are practically guarantors for each other to the extent of the authorized limit of circulation and have a perfect right to criticize favourably or unfavourably the financial position of every institution whose name and statement appears in that report. It is most unfair that any one or more institutions should build up immense liabilities without providing an adequate cash reserve against even probable demands of depositors and note holders. What that reserve should be depends, of course, upon the nature of the liabilities and upon the character of the assets of the bank.

INSOLVENCY

I commend to your attention what appears on the subject of insolvency legislation in the report of the Executive Council, and while disclaiming any opposition on the part of the banks as a class to such insolvency legislation, I would ask you to exercise every legitimate and a united influence in opposition to any proposals that seek to deprive us of our equitable rights as creditors, and to assist in preventing the dishonest or incapable insolvent from again becoming a menace to the business community.

COMPETITION

Competition between banks is a matter for serious consideration. We all aim to do the best for our shareholders, but I feel convinced that there are times and opportunities when we could swell our business without cutting into that of a confrere. For example, there are yet many districts of Canada not adequately supplied with banking facilities. To find and locate in one of these would be more profitable to the bank and be of more service to the community than to crowd into a locality where banking facilities are already sufficient.

During the past year seventy-two new branches of chartered banks were opened in the Dominion, of which no less than thirty-six were opened at points then served by chartered banks.

EDUCATION

Much has been said lately regarding the useless and extravagant system of education in vogue throughout the greater part of Canada. Boys and girls are being trained by tens of thousands to occupy positions in life that will never come within their grasp, and by their very attainments are being forced to leave the country and seek their fortunes elsewhere. Canada is essentially an agricultural country and one would look for at least an elementary course in agriculture in our public schools, giving the youth of the country an inclination towards the development of the countless riches of the soil; but instead of such a policy we find days and months wasted in the indiscriminate study of algebra and mathematics and the dead languages. We are turning out school masters and doctors for the Western United States and are robbing our own country of its bone and sinew.

A WORD TO JUNIOR ASSOCIATES

When this Association was inaugurated it was designed in no small part to be an especial aid to junior officers, so that from time to time as senior officers disappeared from the scene, others still more competent might step into their places and assume their responsibilities. The journal of the Association was established to assist in this laudable object. And although many Associates are showing a lively appreciation of their privileges, I regret to find that a lack of studious effort and of a desire for a broad knowledge of banking law, practice and management is too common among the juniors of to-day. Successful banking is indeed largely and chiefly a matter of experience, and in this, as in other walks of life, the experience of others is a sign post to ourselves. I would strongly urge all junior officers not to be content with acquiring a rule of thumb knowledge of their own department, but to study the Bank Act, the legal decisions in which banks are concerned, as set forth in the JOURNAL, the daily market

reports and the course of events in the financial and commercial world. In the other professions a regular course of study, carefully planned out, is imperative, yet while no profession is more difficult to master than banking, far too many clerks shut their banking up with their ledgers and return to work next morning no whit the wiser regarding the profession to which they are devoting their lives and their destinies.

In giving over the Presidency to my very worthy successor, I do so with no misgivings. The responsibilities of the office are considerable, and its duties are not insignificant. I have performed these duties to the best of my ability, and, I trust, to the satisfaction of the Association.

I thank you all for the hearty support which I have received during my term of office.

D. R. WILKIE
President

CANADIAN CURRENCY AND EXCHANGE UNDER FRENCH RULE

IV. THE CLOSING PERIOD OF THE PAPER MONEY*

THAT era of prosperity in Canada which, in 1840, produced the experience, unique for that colony, of a favourable balance of trade, and a consequent fall below par of exchanges on France, was not of long duration. But while it continued, some new situations were developed in the currency experience of the country.

When the demand for Canadian provisions brought about a lively export trade, the merchants found it no longer possible to procure for goods alone the produce wanted from the country districts. Hence cash payments became increasingly common, and it was for this reason, among others, that the card money was rapidly vanishing into the interior of the country. In the end of 1741 the governor and intendant report that of the 600,000 l. of card money then issued, not more than one third had been returned for conversion, and that proportion rapidly

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*Chief sources:

Canadian Archives, "Correspondance Générale," Vols. LXXVI—C.

"Documents relating to the Colonial History of the State of New York," Vol. X.

"Collection de Manuscrits Contenant Lettres, Mémoires, et Autres Documents Historiques Relatifs à la Nouvelle-France," Vols. III. and IV.

"Edits, Ordonnances Royaux, Declarations et Arrets du Conseil D'État du Roi, Concernant le Canada."

"Histoire Monétaire des Colonies Françaises, d'apres les Documents Officiels." Par E. Zay.

"Historical Documents, Published under the auspices of the Literary and Historical Society of Quebec."

"Mémoire d'Antoine de Bougainville Sur le'État de la Nouvelle-France á l'époque de la Guerre de Sept ans." in "Relations et Mémoires Inédits." Par Pierre Margry.

diminished in succeeding years. The greater part of it, they say, is either circulating in the interior of the colony, or is stored away by the people in their private coffers.

The government having little card money to work on was forced to make increasing use of treasury notes and receipts, in paying the merchants and others for supplies and services. The merchants in turn were forced to use the treasury paper in making their purchases from the country people.

But the treasury paper was not issued for convenient sums; besides it was all of much the same appearance, whatever the value. Hence, since the great majority of the country people could not read, they were never certain of the value of the paper money which they held, or which was offered to them. They were constantly liable to make mistakes, or to be deceived. Finding themselves thus liable to loss, they began to refuse the treasury paper, and to demand payment in card money, which was divided into definite and convenient sums, all of which were easily distinguishable, owing to the different shapes and sizes of the cards. Under these conditions the treasury paper began to fall into discredit, and the card money to rise to a premium.

The remedy suggested by the governor and intendant was the issue of an extra 120,000 l. in cards.

The Quebec merchants, who were much at a loss bet ween the government on one hand and the people on the other, took up the matter themselves, and in November, 1741, through their syndic, or representative, P. T. Desauniers, appealed directly to Count Maurepas, Minister and Secretary of State. They complained of the difficulties just stated, and of the impediment which was occasioned to the trade of the country. Since the greater part of their trade was with the country people, they strongly urged the need for card money instead of treasury notes.

The financial report for the year 1741 clearly indicates the situation. At the close of the year there was left in the treasury at Quebec only 15,000 l. in card money. Evidently, then, the expenses for the coming year, amounting to something over one million, would have to be paid in treasury paper.

Although the ordonnances, or warrants, afterwards issued

by Bigot, were printed in France, and usually made out for definite sums, yet at this time the treasury notes and receipts were entirely written in Canada, and signed by Michel at Montreal and Varin at Quebec. Hocquart had apparently to sign them also, for he complains of the amount of time consumed in signing them, though others are employed to write them out. He asks to be relieved from that duty, saying that the confidence in all kinds of paper is so great that their credit would be quite good without his signature. Yet he admits that the soldiers endeavour to counterfeit them, as also the card money. He declares himself heartily tired of the multiplicity of paper, and longs for a supply of proper money in the treasury with which to pay the officers, workmen, purveyors and others who depend upon getting their payments promptly and in current money, to enable them to supply their needs or carry on their business. After the issue of the letters of exchange there should be sufficient good current money—and he includes card money under that title—to meet the expenses of the colony for the coming year. Besides petitioning for more card money, he desires the treasurer-general to establish an agency or office in Canada for the better administration of the financial affairs of the colony.

Isle Royale was at this time the great meeting place or centre of trade between Canada, the West Indies and France, together with the neighbouring fisheries.

For the purposes of the French privateers, Louisbourg, the capital of Isle Royale, was ideally situated with reference to the English fishing grounds, and the trade route between England and the West Indies by way of Boston, New York, and other colonial ports. The French privateers, obtaining stores and supplies at Louisbourg, issued forth to gather in fishing vessels from Boston and other New England ports, or seize upon English and West Indian traders not powerful enough to protect themselves. On the approach of any superior English force they could run into Louisbourg harbor, and be safe under the protection of its strong fortifications. Little wonder that the American colonists looked upon Louisbourg as their most grievous scourge, and almost exhausted their modest resources to accomplish its destruction. In this they succeeded,

as we know, in 1745, the place being weakened within by the very nature of its prosperity and the accompanying corruption. Nor need we forget that here Bigot served his apprenticeship, and laid the foundation of his ill-gotten fortune. Altogether, the place abounds with nourishment for those inclined to moral reflections.

For our purpose it suffices to observe that at Louisbourg Canadians found a ready market for their provisions, and an equally good market in which to purchase foreign goods, either brought from France or taken from English prizes. Here we find the key to the Canadian prosperity of the period.

The resident merchants at Louisbourg had adopted a special machinery of exchange to suit their conditions. When a cargo of Canadian produce arrived there, the local merchants purchased it, giving in return certain notes or promises to pay, which were always redeemable in coined money or codfish. But the Canadian traders generally desiring to take back an assorted cargo of European goods, purchased them from the French traders there, giving these notes in return. The traders again, if going to the West Indies, would convert the notes into codfish and other provisions, or, if going to France, would convert them partly into provisions from Canada or the West Indies, and partly into cash; a cargo of French goods being worth more than a cargo of provisions.

The coined money, which was always circulating at Louisbourg, came partly from France, partly from English prizes, and partly from the West Indies, being most of it ultimately drawn from the Spanish possessions on the mainland.

The Acadians, usually represented by their Canadian kinsmen as an ignorant, ill-thriven and extremely miserly people, sold what little they could scrape together in the Louisbourg market, but instead of taking back with them any considerable quantity of the various goods to be had there, preferred to carry away the hard money, which they carefully secreted in their cheerless homes, preferring riches to comfort.

In making a general report on the condition of affairs in 1745, after the capture of Louisbourg by the English, the governor and intendant report that the Acadians have steadily drawn from Isle Royale, in the manner referred to, nearly all

the specie which the king had sent out to Louisbourg. Sieur Marin, in his expedition against the settlements on the Connecticut river, had obtained supplies from the Acadians in the usual manner, by giving them orders on the treasury which were payable in specie or bills of exchange at Louisbourg or Quebec. Now that Louisbourg has been taken, they have promised to pay them next year at Quebec, and as they are sure to want specie it will be necessary for the king to send out 80,000 l. or 100,000 l. in silver.

Incidentally it appears that the standard of money in Acadia was considerably above that in France or Canada. Apparently the old augmentation of one third in value was still in force there. The écu in Acadia was worth 8 l. 8 s., whereas in France it was then rated at 6 l.; hence, as the governor says, an appropriation of 6 l. for every 8 l. 8 s. of Acadian paper will suffice.

After the loss of Louisbourg, though the Acadians were in no way eager to assist the English except for ready cash, yet they were no less unwilling to part with supplies to the French when they had nothing better to offer than orders on the treasury. Hence we find Hocquart, about 1746, sending $1,000 (piastres) to Guillimin to purchase supplies in Acadia.

Returning to affairs in Canada, we find that after repeated representations and petitions on the subject of an increase of the card money, the Court, in February, 1742, conceded the issue of another 120,000 l. It is a little difficult to understand the attitude of the French government in its abnormal caution as to the possible over-issue of card money while taking so little precaution to regulate the rapidly increasing amount of treasury paper, which, being necessarily used as a circulating medium, presented the only real danger of over-issue.

Writing on October 20th, 1742, acknowledging the receipt of the ordinance authorizing the additional card money, the governor and intendant state that up to that time 42,000 l. of the extra 120,000 l. had been issued, and that the remainder would be prepared during the winter. Only 142,313 l. of card money had been returned that year, hence there was no possible risk for the credit of the extra amount. They state also that

there is absolutely no specie in circulation. What gold or silver there is in the country is carefully hoarded by avaricious persons.

The tendency to private hoarding, which at that time was quite common and natural in all countries, was specially characteristic of the French peasantry and has remained so to this day in both France and Canada. In Canada, however, it was not carried to such a miserly extreme as in Acadia. The characteristic is worth remembering, as it will serve to explain the sudden and unexpected appearance of specie in considerable quantities in localities whence it was thought to have completely vanished.

This fact presents a striking exception to the usual interpretation of Gresham's law as indicating that the introduction of inferior money will drive good money out of the country. In Canada the introduction of inferior money simply permitted the better money to be hoarded within the country. Hence, although in the period upon which we are entering almost nothing was visible in Canadian trade but paper money, we are not justified in coming to the conclusion that there was nothing but paper money in the country, even at the time of its greatest depreciation. Opportunities frequently occurred for obtaining specie from without, and, so far as we can trace its movement in Canada, it is almost always on its way to the private hoard, not on its way out of the country.

Even before the issue of the new card money its disposal was provided for. To meet outstanding deficits up to 1739, 32,581 l. were required, and the remainder was to be devoted to the deficits of 1740 and 1741. That for 1740 amounted to 28,981 l., and it is with pain, as the intendant pathetically puts it, that they have to announce the deficit for 1741 to be 103,169 l.

The 120,000 l. of extra card money had therefore vanished before it was issued and the treasury was as lean as ever. With true Gallic politeness they daintily insinuate that there would not be the slightest danger should the card money be increased by even another 80,000 l., making the increase an even 200,000 l. However, as they add, the matter is of so delicate a nature that they hesitate to do more than merely suggest it at present.

Possibly it might be better on the whole, if agreeable to the minister, to send out a sum in specie to meet the deficits. Thus do they suggest the impossible as an alternative for the difficult.

The report for 1743 is in much the same strain. There is still augmenting outlay, due mainly to the expense of supporting the good humour of the Indians, and yet the instability of the Indian humour seemed to increase even more rapidly than the expenditure for its support. The credit of the card money continues above suspicion. The proportion of it returned for redemption in exchanges continues to decrease, while the quantity of treasury paper in notes, receipts, or warrants (billets, acquits au ordonnances), is on the increase.

The growing difficulty in disposing of the treasury paper, and the dearth of card money to take its place, seems to have caused some of those having claims on the government to take their payment in goods from the king's stores. But it is urged by the Canadian authorities that it is not proper for the expenses to be met by merchandise from the king's stores, which were specially intended to afford supplies in case of need. Under shelter of this statement they again bring in their proposal to issue more card money, 100,000 l. is the sum mentioned, which will aid the internal commerce of the country, and assist in paying deficits. The appeal, however, went unheeded.

In 1744 it became necessary to regulate anew the value of the copper sols circulating as small change. As already observed, before 1732 two kinds of sols marquez, as they were called, were in circulation; old sols valued at 18d., and new sols at 27d., while in France the uniform rating was 24d., hence, in 1732, the same rating was adopted in Canada. But in France the old sols, being recalled, were not legal tender, while in Canada no distinction was made. Consequently there was a profit to be made in gathering up old sols worth 18d. and sending them to Canada, where they passed for 24d. This importation increasing, an ordinance was issued in January, 1744, once more reducing the value of the old sols to 18d. The loss to the king on the quantity of these coins, held in the different offices of the colonial treasury, amounted to 674 l. 9s.

As the currency of Canada was so completely dependent on the financial needs of the colony, it may be of interest to

know what revenue the king derived from the country at this time. Elaborate reports on the finances were constantly being sent to France. The following is a summary of the report for 1744 :

Import duties on liquors (divided into six sub-secs.)	56,838 l.	8s. 2d.
Export duties	1,400 l.	0s. 0d.
Seigneurial dues	1,430 l.	4s. 1d.
Lease of the king's post at Tadoussac	4,500 l.	0s. 0d.
Total	64,168 l.	12s. 3d.

From this statement it will be observed that the progress of the colony was not impeded by unnecessary or oppressive taxation. But when we take into account the number of directions in which trade was totally prohibited, and the legal and other restrictions upon it, we find that there may be more effective impediments to trade than high taxes.

During the period from 1738 to 1745 the best fields for Canadian trade fairly coincided with the outlets permitted to it, hence the relative prosperity of the period.

Another gain to Canada was the revival in 1743 of the shipbuilding industry, on the king's account, at Quebec, which had been suspended since the time of Colbert and Talon. Up to the end of 1744 exchanges on this account had been drawn upon the royal treasury to the extent of 169,885 l.

But when, in 1745, Louisbourg was captured by the English, the great outlet for Canadian produce was lost, and from that time the decline of the regular colonial prosperity dates. Such good fortune as was enjoyed by special individuals or special interests before the fall of the country, was due to the artificial conditions of war and the waste and corruption which accompany it. Before the loss of Louisbourg, flour was selling in Canada at from 10 to 12 l. per quintal, after its capture the price fell to 6 and 7 l.

At the same time the military expenses of the colony increased enormously. The extra expenditure undertaken in 1746, in connection with the war, amounted to 1,051,896 l., of which the details are given, showing it to have gone mostly for fortifications and scalping expeditions to terrorize the outlying English settlements.

The total amount of treasury paper for all purposes re-

turned for conversion in October, 1746, amounted to 1,776,331 l. 17s., and of card money only 38,222 l. 12s. Hocquart, the intendant, adds significantly, that if he had not shut down promptly on the 20th of October he would have had a much larger sum to meet, owing to warrants coming in from Acadia and other distant parts.

We have thus reached the period when the business and currency of the country ceased to be governed by the normal conditions of production and consumption, and the need for a medium of exchange proportioned to them. Henceforth the normal commerce and currency of Canada are swallowed up and lose all identity in the enormously increased expenditure on the king's account, dominating the markets for home and foreign goods, and wholly determining the machinery of exchange, domestic and foreign.

Among the changes arising from the new conditions which produced a derangement of values we may take the following:

The intendant reporting on the enormous increase of the expenses, says that it was necessary to draw exchanges for all the paper presented in order to support the king's credit, pointing out the financial embarrassment which he would suffer were confidence in the prompt payment of claims destroyed. Nevertheless, when the bills reached France their payment was deferred, in part at least, if not altogether.

Here we have the beginning of that postponing of payments by the French treasury which first impaired and ultimately destroyed the credit of the treasury paper and even of the card money as well.

The Quebec merchants at once felt the effects of the deferring of payment, and through their syndic made a protest to the governor and intendant. They declare that they are not alarmed as to the ultimate payment of their exchanges, but the delay has the greatest effect upon the commerce of the country, which requires prompt returns. As Hocquart himself puts it, the action of the French treasury has already greatly raised prices in Canada. People fearing that their bills may be deferred again next year, are attempting to exchange them for bills on the Company of the Indies obtained for furs sold them. This has had the effect of causing the Company's bills to run

to a high premium. Others have sought to purchase furs with their bills, with the consequence that the furs have gone up 15 to 20 per cent.

The only way, says the intendant, to arrest these evils is for the king to assure the merchants that the bills will be promptly paid when they fall due.

The intendant naturally writes in a tone of considerable anxiety, inasmuch as the expenses for 1747 exceeded those of the preceding year by over one million livres. In apologizing for this heavy increase he pleads that it is not he who authorizes the various expeditions, offensive and defensive, which are operating in different parts of the country. Neither can he refuse to issue exchanges for the treasury notes that come in, otherwise his credit would be lost in a day. Apparently he had been instructed to draw fewer bills or in some way curtail the amount of exchanges, for he admits that he has been unable to carry out his instructions.

However he was immediately afterwards relieved from his embarrassing situation, and in 1748 Bigot, who had already acquired fame at Isle Royale, succeeded him as intendent. At the same time the war came to a close through the treaty of Aix-la-Chapelle, which restored to France Isle Royale with its important centre Louisbourg.

Bigot, who was a character of much more vigour, independence and self-confidence than Hocquart, immediately began to re-organize the Canadian system of finance and exchange. In his first report, October, 1748, he recommends a change in the form of the treasury notes. The written notes issued by Hocquart were too easily counterfeited, quite a number of the counterfeits having been met with that year. His plan is to have the notes printed in Paris and their form changed from time to time. He gives a model of the issue which he proposes and asks that 12,000 of them be sent out.

Though the war had ceased yet the expenditure was well maintained, over two millions in claims coming in that year, which together with the deficits of past years made a total of 3,142,781 l. 11 s. 4 d. The expenses of the war, Bigot freely admits, have been very great, and, with the frankness of a man who has himself a clear conscience, he says that many indi-

viduals have acquired riches at the king's expense. It is the rule for every one to look out for himself without considering consequences.

Bigot had associated with him as controller, M. Bréard, from whose report in 1748 we learn that the deficits which had accumulated in Hocquart's time, and which caused such confusion in the administration of the finances, were due to the custom of appropriating a certain sum for each year, and regarding all expenditure exceeding that sum as a deficit. This system, he says, should be given up, the deficits paid off and the expenses of each year paid as they fall due. This advice was adopted and certainly simplified the book-keeping connected with the finances, while at the same time it gave a freer hand to Bigot.

The Ministry was finally persuaded to decree, on April 17th, 1749, the issue of 280,000 l. more of card money, making the total issue a round million.

An ordinance passed in 1749 altering the official price of beaver to be paid by the Company of the Indies, brings out the fact that for some time previous to this the company had been in the habit of issuing receipts for beaver as it came into their warehouse and then redeeming them at the close of the season in letters of exchange on their treasurer in Paris. These receipts circulated to a certain extent along with the card money and the treasury paper, but when the latter was impaired in value by deferred payments of the exchanges drawn for it, the company's receipts rapidly came into special favour, being estimated next to card money; and when that fell with the rest in 1753, they became the most highly valued paper currency in the colony.

After the peace of 1748, and the restoration of Louisbourg to France, matters mended somewhat, and exchanges seem to have been fairly well paid, though the expenditure was still high.

Bigot's new plan for the treasury notes proved very successful. By having them printed and issued for a regular scale of values, they were brought into line with the card money, and according to Bigot's report in 1752, had acquired the same credit. They were issued for the following values: 20s, 30s, 3 l,

6 l., 12 l., 24 l., 48 l., and for 50 l. and 100 l. In 1757 notes for 96 l. were added. These harmonized with the cards, which, as already stated, were issued for 7 s. 6 d., 10s., 15s., 1 l., 3 l., 6 l., 12 l., 24 l.

It was found that the notes for the smaller sums, being most readily accepted by the common people, remained in circulation longest.

The first supply of printed forms ran out before another arrived, and in 1752 Bigot complains of the shock to his well ordered financial system which has resulted from his being compelled to resort to written notes for a time. As they come back so promptly for payment they necessarily increase the exchanges at the close of the year. Even when a fresh supply arrived there were only 16,000 in place of 60,000 ordered. As a result Bigot says he will be compelled to issue bons for the larger sums instead of the smaller which circulate longer and more widely. They must at once send him 100,000 more. He also asks for an additional 6,000 l. worth of sols marquez, or two sol. pieces.

In another letter of the same year, 1752, in answer to remonstrances from Paris as to the sustained expenses of the colony, notwithstanding the late peace, Bigot expresses the utmost sympathy with the minister's feelings on the subject. He does not wonder at the minister's astonishment. He is astonished himself, terribly mortified in fact, to have failed so completely in diminishing expenses. But while he is becomingly grieved he is not at all penitent. He frankly admits that he has given up the struggle, seeing for the future no hope of reducing the expenditure, but rather a strong probability of it increasing. The military authorities plan the expeditions, not he. He has simply to furnish them with the necessary means. The exchanges drawn this year amount to 3,495,675 l. and next year they are pretty certain to be over four millions. In this he was not disappointed.

The fact was that Bigot did not believe in penurious budgets or a scant equipment of the king's expeditions. He throve on lavish expenditure, and rejoiced in large orders from commanding officers. The officers on their part, at least the French-Canadian ones, voted him an ideal intendant; and the

French-Canadian governor, Vaudreuil, in a letter to the minister in 1755, eulogizes him in extravagant terms for the completeness with which he had equipped his expeditions against the English and for the zeal and foresight which he had shown in anticipating every want. Indeed, he is declared to be quite indispensable in the colony under existing conditions. It was reserved for Montcalm, Lévis, Bougainville, Doreil and other French officers to point out what was the real meaning of Bigot's lavish expenditure.

At the same time, after looking into the details of the period, one has to admit that Bigot was really a man of exceptional ability, insight and largeness of view. As regards his corruption it was not unique, though it was conducted on the grand scale. As one of the memoirs of the period puts it :— "The intendants and governors go to the colonies with a view to enrich themselves, and at their embarking they leave their honour and probity in France, usually forgetting to be just and honest." Nor was that sort of thing confined to French colonies. Take the abundant evidence of the period as to the operations of the English officials in India, America and elsewhere, and we find, with a few notable exceptions, much the same story. Bigot, however, was, as has been said, no ordinary man. He was sure to excel in whatever he bent his mind upon, and in Canada he was undoubtedly much devoted to the amassing of a fortune out of the king's expenditure there.

The French government, on receiving Bigot's sympathetic but discouraging letter, seems to have determined to offset his increased demands by introducing a regular system of deferred payments. Instructions were sent to Canada that the bills to be drawn in 1753 were to be made payable in three terms, one third in 1754, one third in 1755, and the remaining third in 1756. A change was made the following year, and from 1754 until the loss of the colony, the proportions of the annual payments were one fourth the first year, one half the second year, and one fourth the third year.

In this arrangement no distinction was made between the card money and the treasury paper, hence the superior credit of the cards vanished, and a rapid decline in the whole paper money of the country followed, with a proportionate increase in prices, augmented, too, by special conditions of scarcity, etc.

When in 1755 the king sent out regular troops to Canada, the officers and soldiers were promised that they should be paid in specie, and not in the already considerably depreciated colonial paper. This policy resulted very unfortunately for almost all parties.

The minister, writing to Bigot on the first of April, 1755, explains the plan to be adopted.

First of all the intendant is authorized to draw letters of exchange, for the expenses of the imperial troops alone, payable the year following, as originally, though he is asked to make the date of payment as far on in the year as possible. It is expected that in consequence he will be able to obtain the necessary provisions for the troops at a corresponding reduction in price, as compared with what is charged when payment is made in exchanges extending over three years. But it is necessary to make a general reduction of the excessive prices which have prevailed in Canada for some time. The most effective way of doing so would be to pay in specie the whole of the expenses of the king in Canada, and he would adopt this method were it not that the condition of the treasury renders it impossible. As it is, he can send only sufficient specie to pay the troops who are going out, and he asks the intendant to observe what effect that money will have in reducing prices, and how much more he thinks would be necessary to bring them back to their normal level.

In his estimate of the Canadian situation and the remedy required, the French minister has made several mistakes. In the first place complete payment in specie was not at all called for in Canada. Under the conditions which then prevailed, the imports of necessity greatly exceeded the exports, which, except for the beaver, had almost ceased, being more than required in the country itself. Hence, were specie sent out to Canada, most of it must simply have returned to France, or gone to other countries to pay for imports. The risk of sending specie in time of war would considerably diminish its value, whereas letters of exchange, drawn against the specie if left in France, would have answered all the Canadian needs, and at the same time would have been a much safer and better method of making payments. All that was necessary to get rid of the abnormal

rise of prices in Canada, so far as this was due to defects in the mechanism of exchange, was simply to make prompt payment of the exchanges drawn on the French treasury. But, where the central difficulty was the emptiness of the French treasury, this alternative to sending specie to Canada, though urged by Bigot, brought small comfort to the minister, and no relief to the colony.

So far as the high prices in Canada were due to the large extra demand upon the produce of the country, while many of its producers were drafted away on scalping expeditions from the Atlantic to the Mississippi, no mere substitution of specie for paper could make any difference, the high prices being due not to the kind of money, but to the quantity of it as expressing a proportionate demand.

What actually did result from the amount of specie which reached Canada, we learn from Bigot's letter of November 8th, 1755, which shows that he understood the nature of the situation much better than the minister. There was sent with the troops the sum of 1,200,000 l. in specie, but a considerable portion of it gladdened the hearts of the English sailors who captured the vessel Alcide. Exactly how much reached Canada is not stated, though it may be gathered from another statement of Bigot's that about one million arrived safely. According to Bigot, the specie sent did not cause prices to fall, yet we find from other documents that it soon resulted in establishing two prices, one for specie and another for paper. Goods did not become cheaper in specie, they merely became dearer in paper.

The prices of provisions, says Bigot, is kept up by the common people, who use just as good food as any one in the colony. Scarcity and dearness are due also to the increasing demand on the king's account, and especially for provisioning the king's vessels. These facts and not the payment in paper will account for the rise in prices.

Again, as a matter of policy it is much wiser, says Bigot, to pay in paper than in specie, because the people, holding their savings in paper, the value of which depends upon the credit of the French government, are certain to be more active in the defence of their country, their interests being tied to those of the king.

He also states that for some years past much of the card and paper money has been accumulated by the people for want of specie.

Bigot's general conclusion is that the card or paper money is much the best for the colony, and would be perfectly satisfactory if only the exchanges were promptly paid the following year. He is quite sure that, under these conditions, the merchants would much prefer it to specie.

In another letter Bigot declares that the specie sent out with the troops rapidly disappeared from circulation, the French-Canadians paying a premium for it in order to store it away, the soldiers also saving it up against their return to France. In this way, he says, about one million has been added to the private hoards, setting free a much larger amount of paper to increase the exchange on France.

In 1756 there was again sent 1,257,571 l. in specie for use in Isle Royale and Canada. A certain portion of this also was captured by the English. This sum still further discredited the paper and made it more certain that the troops would resent any future attempt to pay them in that depreciated currency.

Up to this time the officers and others were able, with their specie, to purchase exchanges on France payable in full at a short date. But as this made such a direct and glaring contrast with the paper money, Bigot interpreted the power to issue exchanges as applying only to the paper money, and discontinued the sale of exchanges for specie, much to the chagrin of the officers.

This grievance, however, was of short duration, being immediately swallowed by a greater, namely the discontinuance, in 1757, of payments in specie, and the resort to paper money for every form of government payment. At once the cost of living was greatly increased for the French troops, which led to much outcry on their part. The claim was made that the allowance should be increased to compensate for the lower value of the paper.

In the meantime the expenses of the colony were increasing in a most alarming manner. In Murray's general report on

the country after the Conquest, there is given a very moderate estimate of the expenses for the closing years of French rule. It is as follows :—

1754.....	6,000,000 l.	1758.....	24,000,000 l.
1755.....	5,500,000	1759.....	30,000,000
1756.....	8,000,000	1760.....	1,300,000
1757.....	12,000,000		

These figures are below most of the French estimates, even some of those of Bigot himself.

The finances of the colony were in a state of hopeless confusion. There was no proper check upon payments made at the various posts, no adequate supervision of the manner in which supplies were furnished under contract, and no limitation upon the treasury paper issued by the intendant, who alone signed it. There was thus the most direct encouragement to fraud of every kind.

About the end of 1758 the French government began to wake up to the necessity for numerous reforms in the system, and in the beginning of 1759 a long letter from M. Berryer, the minister, to Bigot, indicates that the government is quite aware of the very unsatisfactory state of the Canadian finances and currency. He enjoins on Bigot some immediate reforms, and indicates many others which must be made as soon as affairs permit. But even immediate reforms were by this time impossible. All method was abandoned in the effort to avoid destruction.

The value of the paper money was going down rapidly. Even before the loss of Quebec ready money was at a premium of one-third, notwithstanding the repeated assurances of the authorities that the king's obligations would be faithfully met.

To the last Bigot, in his reports to the minister, maintained an attitude of frank and cheerful virtue. In April, 1759, he states that his anticipations of a very considerable increase in the expenditure promise to be more than realized, as he estimates now that the exchanges to be drawn will amount to from thirty-one to thirty-three millions. He still claims freedom from all responsibility for the expenses at the posts and forts. The certificates all come to him through the usual channels, and it is impossible to closely scrutinize them in time of war. He

frankly acknowledges that there is probably a great deal of corruption going on, but it is not within his jurisdiction, at either Quebec or Montreal; it is all at the distant posts. He admits, too, that he has very high prices to pay for everything, but that again is due to circumstances which he has often explained.

On the other hand we have a great mass of material giving evidence and instances of the corruption going on everywhere in the colony, and of Bigot's share in it, which is that of the master mind.

These statements, however, are not all to be taken as gospel. Bigot could not be altogether responsible for bad harvests, deferred payment of exchanges, or the capture of supply vessels by the English. Yet these things all aided in raising prices, augmenting expenditure, and causing a dearth of supplies in certain lines. Nor was it possible for him, even had he been consumed with zeal in economizing the king's resources, to supervise or control the outlay at distant posts for the supply of troops or the bribing of the Indians. When, shortly after this, it was England's turn to go through much the same process, at the period of the American Revolution, the same difficulties were met with, and a still greater outlay entailed, the greater bulk of it being due to these same western posts.

The haste of everyone to make a fortune was the characteristic of the last days of French rule in Canada. People were making sacrifices for money, but few were prepared to make sacrifices from loyalty to France. "They are gorged with money and dying of hunger," is Bigot's picture of the habitant in the last days of the colony.

When once they had learned that the English were not the ruthless and bloodthirsty monsters which the zealous exponents of loyalty had represented them to be, terror of the English and loyalty to France suffered a common fate.

The English at Quebec found no difficulty in getting supplies from the country in return for their ready money, while the French government, further up the river, could command nothing except by force or in return for the small store of specie which the officers still retained. Even the clergy hastened to dispose of their tithe-produce for English money, to save it from a forced sale to their fellow citizens for orders on the French treasury.

On the other hand, the English merchants who followed the victors to Quebec, had no difficulty in disposing of their goods for specie to all but the poorest section of the populace. When, therefore, the country passed into the hands of the English, though it was filled with French paper, for the time being almost worthless, yet there was no currency famine. French crowns and louis simply came out of hiding. This explains the, rapid restoration of the colony to its normal condition, and even shortly after, to an unwonted degree of prosperity.

It remains only to explain what became of the mass of paper money and unpaid exchanges which represented the obligations of the French government towards the Canadians when transferred to English rule. The subject has an additional interest at present owing to the existence of a somewhat similar question, in principle if not in form, between Spain and the United States. This matter will occupy the closing paper of the series.

ADAM SHORTT

QUEEN'S UNIVERSITY, Kingston

CROSSED CHEQUES

ALTHOUGH the law of bills and notes, in so far as it differs from the ordinary law of contract, depends for the most part upon the custom of merchants, yet the history of crossed cheques illustrates how difficult it now is to engraft upon that law any material change or addition having its origin in custom, and how difficult it is to change, even by statutory enactment, a law so wide in its application and so revered as the law merchant.

For many years prior to 1845 the custom of crossing cheques had grown up among London merchants, the crossing sometimes specially naming a banker, sometimes being merely the words "& Co." If one may judge from comments in the legal periodicals upon the result of the case referred to below, the popular impression in 1845 was that such a crossing restrained the negotiability of a cheque, and in the one case made it payable only to the banker named and in the other only to *some* banker. The existence and effect of this custom came up for consideration in the case of *Bellamy v. Majoribanks* (7 Ex. 402, A.D. 1852), and the result was a surprise. The facts in that case were shortly these:

Bellamy & Foster had an account with Coutts & Co., bankers in London, and on 23rd June, 1845, they drew a cheque for £2,596 17s., payable to E. B. Geary or bearer, crossing it "Bank of England for account of Accountant General." The cheque was delivered to Geary. He ran a pen through the crossing, leaving it, however, perfectly legible, and crossed the cheque with the name of Gosling & Co., his own bankers. He then deposited it to his own account with Gosling & Co. They presented it the next day to Coutts & Co., who paid it. Geary was not entitled to the money himself, but he used it, and Bellamy & Foster were obliged to make it good to the Accountant General, and they brought the action against

Coutts & Co., alleging that, according to the custom and usage of bankers, it was their duty not to pay the cheque otherwise than to the Bank of England; in other words, that, although the cheque was drawn payable to bearer, yet by the crossing it became payable, not to the bearer, but to the Bank of England only.

The Court in giving judgment said: "It was agreed on all "hands that the practice of crossing cheques originated at the "clearing house, the clerks of the different bankers, who did "business there, having been accustomed to write across the "cheques the names of their employers, so as to enable the "clearing house clerks to make up the accounts . . . . . "The establishment of the clearing house is comparatively "modern, and was within the memory of several of the witnesses. "It afterwards became a common practice to cross cheques, "which were not intended to go through the clearing house at "all, with the name of a banker or with the words '& Co.," and "a custom or usage has certainly sprung up in regard to this also. "All the witnesses agreed as to the fact of the existence of such "a custom, and we think that the great preponderance of the "evidence on both sides, tended to show the custom to be, that "where a cheque is crossed, bankers generally refuse to pay it "to any one except a banker, and if they do pay it to a person "not a banker, they consider that they do it at their peril in the "event of the party, to whom the payment is made, not being "entitled to receive it. That the object is to secure the payment, "not to any particular banker, but to *a banker*, in order that it "may be easily traced for whose use the money was received, "and that it was not intended thereby to at all restrict the circula- "tion or negotiability of the cheque, but merely to compel the "holder to present it through a quarter of known respectability "and credit."

Referring to the custom relied on by the plaintiffs, the Court said: "We are also of the opinion that such a custom, if proved "to have existed in fact, would be incapable of being supported "in point of law. The crossing of a cheque cannot operate as "an endorsement to the banker whose name is used, because it "was not written with any intent to transfer the property in the "cheque to him, and it wants the essential part of an endorse-

"ment, the delivery of the instrument to the endorsee, and we "think that it cannot well be supposed that the usage is to be "considered as equivalent to a direction by the holder or drawer "not to pay to the bearer but to a particular person only, for "then the cheque would be altered in a manner which would "take it out of the exemption of the Stamp Act, which exemp-"tion applies to cheques payable to bearer only. We are, "therefore, of opinion that crossing the cheque, with the name "of a banker, cannot have the effect of restricting the negoti-"ability to such banker alone."

Dealing with the argument that the crossing, being by the drawer himself, who had power to give any directions he pleased to his bankers, was equivalent to the addition to the cheque of an express direction that it should not be paid to bearer, but to the Bank of England only, the Court said: "This reasoning "would be correct if the crossing, when made by the drawer, "by the custom amounted to a direction to pay the named "banker only and for the named account. If such were its "conventional meaning, it would be necessary for the bankers "not merely to look at the signature of the cheque, but also at "the handwriting of the crossing. It is a matter of evidence "what its meaning is by usage. The evidence has not made "any distinction between the meaning of the words when "written by the customer of the banker and by a third person, "and according to the weight of evidence they have not the "restrictive meaning attributed to them by the plaintiffs' "counsel."

In another part of the judgment the Court said: "We "think the crossing of a cheque is a protection and safe-"guard *to the owner of a cheque*, and that, in the event of a "banker paying a crossed cheque otherwise than through a "banker, the circumstance of his so paying would be strong "evidence of negligence in an action against him . . . . . "If the banker disregarded the custom and paid the cheque to a "private individual, that circumstance would be strong evidence "against him, in the event of his seeking to charge his customer "with the payment, if the person actually presenting it was not "the lawful holder and bearer of the cheque . . . . The "practice of crossing cheques is for the protection of the owner

"of the cheque, and we feel strongly that to carry it farther, and "make the banker answerable to his customer for the appropria- "tion by the payee, of the proceeds of a crossed cheque *received* "*through a banker*, would render the conduct of banking busi- "ness very difficult, if not impracticable, and would cast a "serious and probably mischievous impediment in the way of "carrying on the money transactions of this country."

This decision was a surprise and disappointment to the drawers and holders of cheques, who had been living in fancied security that by crossing a cheque with the name of a banker, they were thereby directing the banker on whom it was drawn to pay to the named banker only, and a loud call was made for legislation to get rid of the effect of the decision, and to throw upon bankers the responsibility which it was supposed they had all along been under. The demand for legislation was successful, and, in 1857, 19 and 20 Vic., cap. 25, was passed. The recital is interesting and shows the reason for the enactment. The Act is as follows:—

"Whereas doubts have arisen as to the obligation of bank- "ers with respect to cross written drafts; and whereas it "would conduce to the ease of commerce, the security of pro- "perty and the prevention of crime if the drawers or holders of "drafts were enabled to direct the payment of the same to be "made only to or through some banker; Be it enacted that in "every case where a draft bears across its face an address, in "written or stamped letters, of the name of any banker, or of "the words 'and Company,' in full or abbreviated, either of "such additions shall have the force of a direction to the bank- "ers upon whom such draft is made, that the same shall be "payable only to or through some banker, and the same shall "be payable only to or through some banker."

It was not long before the effect of this statute came up for consideration in Court, and the result was another surprise and disappointment to the commercial community and another triumph for bankers. A few weeks after the Act was passed Simmonds drew upon his bankers a cheque payable to bearer, which he crossed "& Co." It was sent off by post, but the envelope was opened and the cheque stolen. The thief obliter-

ated the crossing so cleverly that traces of it could only be discovered by minute inspection with a strong light. The cheque was paid over the bank's counter to the person presenting it. Simmonds objected to the payment, and brought an action to test the right of his bankers to charge it to his account, and he relied on the provisions of the statute just quoted. The jury found that there had been no negligence on the part of Simmonds or of the bankers, and the question resolved itself into one of law only. The Court held:—

1 That the statute applied only where, at the time of presentation for payment, the cheque bore across its face the crossing referred to.

2 That the crossing might be put on by one holder and taken off by another.

3 That the crossing was not a part of the cheque itself, so that an alteration in it would not avoid the instrument. (*Simmonds v. Taylor*, 4 C.B. N.S., 463.)

The result was that the bankers again won "to the annoyance and consternation of the mercantile community." (31 L.T. 2).

The effect of the decision was, of course, that the crossing was a mere ambulatory direction, which might be revoked by any holder who desired to run a pen through it, or to obliterate it, and that, as a consequence, anyone who found a crossed cheque would have no more difficulty in getting it paid than he would have had before the statute was passed.

A somewhat heated discussion, by correspondence and editorials, was carried on by the commercial and legal journals, and in the next year (1858), 21 and 22 Vic., c. 79, was passed. The first section made the crossing a material part of the cheque. The second enabled a holder to cross a cheque with the same effect as if it had been issued crossed. The third made the obliteration of a crossing a forgery; and the fourth exempted a banker from liability for paying a cheque when the crossing or alteration does not plainly appear, "unless such "banker shall have acted *mala fide* or been guilty of negligence "in so paying such cheque."

Following this statute came the case of *Smith v. The*

Union Bank (L.R. 1, Q.B.D. 31), which was another surprise, "to the annoyance and consternation of the mercantile community," and another triumph for the bankers.

Smith had received from his debtor a cheque drawn on the Union Bank, payable to order. Smith crossed it specially to his own bank and endorsed it in blank. It was stolen, and, being negotiable, the thief transferred it to a *bona fide* holder for value. This holder deposited it in his own bank, which was not the bank named in the crossing. It was presented by the holder's bank and paid. Smith then brought an action against the Union Bank for damages on account of the neglect of the duty imposed on it by the statute. The Court held that, as the cheque had by Smith's endorsement been rendered negotiable before it was stolen, it remained negotiable notwithstanding the crossing; that the *bona fide* holder had acquired a title as against Smith, which he might have rendered effectual by getting the cheque presented through the specially named banker, and that Smith had suffered no damage because the cheque had been paid to a different banker.

This decision, though affirmed on appeal, was much commented on, and an appeal to Parliament was again made, and in the next year (1876), Parliament interfered, and 39 and 40 Vic., c. 81, "The Crossed Cheques Act, 1876," was passed. This, with some slight changes, was embodied in the Bills of Exchange Act, from which the provisions in our own Act respecting crossed cheques were taken; and, as twenty-two years have elapsed since the law, as it now substantially exists in England, was passed, and as no serious call for amendments has been made, it is fair to presume that the greatest commercial community in the world, at whose instance the law was passed, and who have largely availed themselves of it, are satisfied with it, and that it has proved beneficial to them. The purpose of this paper is to show that the same law would prove of equal benefit to Canada, were it made use of by our commercial community.

It will be convenient now to quote the provisions of our own Act, and to consider their effect and point out their advantages and disadvantages to the drawer of a cheque, the holder and true owner, the collecting bank and the bank on which it is drawn.

Sections 75 to 81 of The Bills of Exchange Act, 1890 (Canada), are as follows:—

75 Where a cheque bears across its face an addition of

(*a*) The word "bank" between two parallel transverse lines, either with or without the words "not negotiable"; or

(*b*) Two parallel transverse lines simply, either with or without the words "not negotiable";

That addition constitutes a crossing, and the cheque is crossed generally:

(2) Where a cheque bears across its face an addition of the name of a bank, either with or without the words "not negotiable," that addition constitutes a crossing, and the cheque is crossed specially and to that bank.

76 A cheque may be crossed generally or specially by the drawer:

(2) Where a cheque is uncrossed, the holder may cross it generally or specially:

(3) Where a cheque is crossed generally, the holder may cross it specially:

(4) Where a cheque is crossed generally or specially, the holder may add the words "not negotiable":

(5) Where a cheque is crossed specially, the bank to which it is crossed may again cross it specially to another bank for collection:

(6) Where an uncrossed cheque, or a cheque crossed generally, is sent to a bank for collection, it may cross it specially to itself:

(7) A crossed cheque may be reopened or uncrossed by the drawer writing between the transverse lines, and initialling the same, the words "pay cash."

77 A crossing authorized by this Act is a material part of the cheque; it shall not be lawful for any person to obliterate, or, except as authorized by this Act, to add to or alter the crossing.

78 Where a cheque is crossed specially to more than one bank, except when crossed to another bank as agent for collection, the bank on which it is drawn shall refuse payment thereof:

(2) Where the bank, on which a cheque so crossed is drawn, nevertheless pays the same, or pays a cheque crossed generally otherwise than to a bank, or, if crossed specially, otherwise than to the bank to which it is crossed, or to the bank acting as its agent for collection, it is liable to the true owner of the cheque for any loss he sustains owing to the cheque having been so paid:

Provided that where a cheque is presented for payment which does not at the time of presentment appear to be crossed, or to have had a crossing which has been obliterated, or to have been added to or altered otherwise than as authorized by this Act, the bank paying the cheque in good faith and without negligence shall not be responsible or incur any liability, nor shall the payment be questioned by reason of the cheque having been crossed, or of the crossing having been obliterated or having been added to or altered otherwise than as authorized by this Act, and of payment having been made otherwise than to a bank or to the bank to which the cheque is or was crossed, or to the bank acting as its agent for collection, as the case may be.

79 Where the bank on which a crossed cheque is drawn, in good faith and without negligence pays it, if crossed generally, to a bank, or, if crossed specially, to the bank to which it is crossed, or to a bank acting as its agent for collection, the bank paying the cheque, and, if the cheque has come into the hands of the payee, the drawer shall respectively be entitled to the same rights and be placed in the same position as if payment of the cheque had been made to the true owner thereof.

80 Where a person takes a crossed cheque which bears on it the words "not negotiable," he shall not have and shall not be capable of giving a better title to the cheque than that which had the person from whom he took it.

81 Where a bank, in good faith and without negligence, receives, for a customer, payment of a cheque crossed generally, or specially to itself, and the customer has no title, or a defective title thereto, the bank shall not incur any liability to the true owner of the cheque by reason only of having received such payment.

By section 2, sub-section *c* of the Act the expression "Bank" means an incorporated bank or savings bank carrying on business in Canada.

By section 72 "cheque" is defined as a bill of exchange drawn on a bank, payable on demand.

Therefore the provisions respecting crossed cheques would apply only to cheques drawn on an incorporated bank carrying on business in Canada, and would not apply to cheques drawn on a private banker or a loan or other company not authorized to carry on banking business.

A cheque may be crossed in six ways:

(1) Thus:

(2) Thus: Bank

(3) Thus: Not negotiable

(4) Thus: Bank—not negotiable

(5) Thus: Bank of Montreal

(6) Thus: Bank of Montreal—not negotiable

In every case the crossing must be across the face.

In the first four the crossing is general.

In the fifth and sixth the crossing is special.

In the fifth and sixth, parallel lines are not necessary, though if they be put on, the crossing would still be special.

The difference between a general and a special crossing is, that in the former the bank on which it is drawn must pay it to *a* bank, but may pay it to any bank; in the latter the cheque must be paid only to the bank named, or to the bank acting as its agent for collection.

The effect of writing "not negotiable" in the crossing is that the person taking the cheque does not acquire, and cannot give, a better title to the cheque than the title of the person from whom he took it.

The crossing in any of the six ways mentioned may be made by the drawer of the cheque. If the drawer issues it uncrossed, the holder may cross it in any of the six ways. If the cheque be crossed generally, *i.e.*, in any of the first four ways, a holder may cross it specially, *i.e.*, in either the fifth or sixth way, and if it do not bear the words "not negotiable" the holder may add those words; but if it be once crossed specially the crossing cannot be altered otherwise than by the addition of the words "not negotiable," except in the following two cases:—

a The bank to which it is crossed may again cross it specially for collection.

b A crossed cheque may be reopened or uncrossed by the drawer writing between the transverse lines and initialing the same, the words "pay cash."

If a cheque is crossed specially to more than one bank, except when crossed to another bank as agent for collection, the bank on which it is drawn must refuse payment thereof.

The crossing is a material part of the cheque itself, and if it be added to or altered or obliterated the instrument is made void, except as against a party who has himself made, authorized or assented to the alteration, and subsequent endorsers; but if the alteration is not apparent and the cheque is in the hands of a holder in due course, such holder may avail himself of the cheque as if the crossing had not been altered, and may enforce payment of it according to its original tenor (see sec. 63 of the Act); but if the cheque, when presented for payment, does not at that time appear to be crossed, or to have had a crossing which has been obliterated, or to have been added to or altered otherwise than as authorized by the Act, then the bank paying the cheque in good faith and without negligence is not responsible or under any liability, and the payment cannot be questioned merely because the cheque had been crossed, and because payment of it had been made contrary to the terms of the crossing, the same not being apparent at the time of presentment.

A bank cannot cross a cheque specially to itself except it be (*a*) uncrossed, or (*b*) crossed generally, and in either case be sent to it for collection. It might be urged that, as holder, the bank could, under sub-secs. 2, 3 and 4 of sec. 76, cross a cheque to itself, but the express authority given under sub-sec. 6 probably involves as a consequence that a bank may not cross a cheque to itself specially unless it has taken it for collection.

The foregoing shows how and by whom cheques may be crossed and the nature of the various kinds of crossing.

The nature and extent of the protection afforded to drawers and owners of crossed cheques, and to the banks collecting and paying them, will be best understood if an every-day transaction be traced through its various probable phases.

Smith keeps his account with the Dominion Bank. He owes Brown $500, for which he sends him a cheque on the Dominion Bank payable to Brown's order. The cheque is not crossed, and it is lost or stolen, either before Brown receives it,

or after he receives it, and before he endorses it. The finder or thief forges Brown's endorsement. He may succeed in obtaining payment direct from the bank, or he may succeed in transferring it to an innocent holder, who either receives payment direct from the bank, or deposits it for collection in the Traders Bank, of which he is a customer. The Traders Bank collects from the Dominion Bank, and accounts for the proceeds in the usual way. What are the rights of the respective parties, the cheque being uncrossed? Smith could repudiate the payment by the Dominion Bank. His indebtedness to Brown would remain undischarged. Brown could sue Smith for the $500, or Brown could, if the cheque had become his, sue the Traders Bank or its customer for converting the cheque, and get the $500 in that way. The Dominion Bank could, under chapter 10 of the Acts of 1897, get back the $500 from the Traders Bank, and that bank could, under the same Statute, get back the $500 from its customer. Of course the $500 would only go round once, *i.e.*, none of the parties would ultimately lose more than $500, assuming that all were able to pay. The loss would in the end fall on the Traders Bank's customer, and of course he, being the person who first took the cheque under the forged endorsement, is the proper one to bear the loss.

What would be the rights of the respective parties were the cheque crossed?

Neither the forger nor any other individual could obtain payment direct from the Dominion Bank, because, being crossed, payment could only be obtained by a bank, for should the Dominion Bank pay, in contravention of the crossing, it would, under section 78, be liable to Brown, the true owner of the cheque, for any loss he might sustain owing to the cheque having been so paid; a remedy which Brown would not, if the cheque were not crossed, have against the Dominion Bank. Therefore at the outset difficulties are thrown in the forger's way; he might never be able to transfer the cheque to an innocent holder, and, during the time occupied in trying to do so, its payment might be stopped. This of itself is a great advantage to all parties. But suppose he succeeded in transferring the cheque, and suppose it were deposited in the Traders Bank and presented to and paid by the Dominion Bank as mentioned, what would be the effect?

If the cheque had come into the hands of Brown, the payee, then, under section 79, the Dominion Bank and Smith, the drawer, would respectively be entitled to the same rights, and be placed in the same position, as if payment of the cheque had been made to the true owner thereof; and, under section 81, the Traders Bank does not incur any liability to Brown by reason only of having received payment of the cheque to which its customer had no title. The banks must of course act in good faith and without negligence.

The effect therefore is that, as between Smith and Brown, and the Dominion Bank, the payment is good. Smith is relieved from any difficulty or anxiety; his debt to Brown has been paid; his relations with his bank are unruffled, and he is not forced to commence litigation to protect his rights; and because the payment is good as between Smith and Brown the Dominion Bank is also relieved. The Traders Bank being merely a collecting agent for its customer is and should be relieved.

In the case put there can be no question about the advantage to Smith resulting from the crossing of the cheque, and taken in connection with the difficulties thrown in the forger's way, and the case put being by far the most likely to happen in actual practice, a drawer, looking to his own interest only, should not hesitate, except for special reasons, to issue all his cheques crossed. Brown's remedy is now confined to his action against the Traders Bank's customer. This is eminently fair, as, of all the parties, this customer is the one who should bear the loss, and as between Brown and the others, Brown is the only one who should suffer the consequences of the loss or theft of the cheque, it having been in his hands, and the others having no control over its safe keeping. Brown, however, is not without protection, for by adding to the crossing the words "not negotiable," if those words are not already there, he can, for all practical purposes and in 99 cases out of 100, make the loss or theft of the cheque a matter of inconvenience only, not of loss. And in the great bulk of cases there is no practical reason against the addition, by the payee, of these words, "not negotiable."

Therefore not only is it to the advantage of the drawer that his cheques should be crossed, but it is also to the advantage of the holder.

Should the cheque not have come into the hands of the payee, the payment by the Dominion Bank, though good as between it and Smith, would not be good as between Smith and Brown. This is of course only fair, as till the cheque gets into Brown's hands, he has no connection at all with the transaction. I fancy, however, that it very seldom happens that a cheque does not come into the hands of the payee. This expression "come into the hands" does not mean that the cheque must be handled by the payee personally. If it were delivered to his agent it would be sufficient, and if under the circumstances surrounding a transmission by post, the post office were the agent of Brown and not of Smith, the cheque would come into Brown's hands within the meaning of this rule, as soon as the letter containing it is posted.

I have purposely confined the above illustrations to the case of a cheque payable to order. If it were payable to bearer, there could be no question about the advisability of having it crossed.

I call attention to the difference between the expression "In good faith and without negligence," used in the sections under consideration, and the expression "In good faith and in the ordinary course of business" used in the Act of 1897 respecting forged or unauthorized endorsements; the difference is important. Section 89 declares that "A thing is deemed to be done in good faith, where it is in fact done honestly, whether it is done negligently or not." Therefore, if there be good faith, and if the thing be done in the ordinary course of business, the protection of the Act of 1897 will not be lost, even though there be negligence, but under the crossed cheques sections, if there be negligence, the protection is gone, even though there be good faith, and though the transaction be in the ordinary course of business.

The provision allowing a crossed cheque to be reopened or uncrossed, by the drawer writing between the lines "pay cash" and initialling the same, does not appear in the English Act. I fear that it was inserted in our Act without sufficient consideration of the consequences.

I see grave objections to it, and very few advantages. If a cheque so treated should be presented for payment I would recommend the bank in every case to communicate with the drawer before paying. In my opinion this provision should be repealed.

A few references to decided cases may prove useful.

You will remember that under section 81, the Traders Bank, in the case put, would not incur liability to Brown merely because it had received for its customer payment of the cheque. The meaning of the word "customer" in this connection came up in 1896 for consideration in the case of *Lecave & Co. v. Crèdit Lyonnais* (L. R. 1897, 1 Q.B.). In that case one Ponce brought the cheque in question to the defendants' bank for collection. He had no account there, and it did not appear that he had had other transactions with the bank. A prior endorsement had been forged, and Ponce had therefore no title to the cheque. It was crossed generally. The defendants presented it for payment, and received the amount which they duly paid over to Ponce. The defendants were sued by Lecave & Co., the true owners of the cheque, and they relied on the protection of section 82 of the English Act, which is the same as section 81 of ours; and it was contended that "customer" in the meaning of the section, was not confined to a person who kept an account with the bank, but included anyone for whom the bank undertook to transact banking business. The court, however, decided that the word should be given the narrower meaning, and that he is a customer within the meaning of the section "If he is a person who has an account at the bank, at all "events if he is a person whose relations are much nearer "and closer than those of Ponce in this case."

In the case of *Clarke v. The London & County Bank* a crossed cheque had been received by the defendants, from a customer, for collection. They received the amount, and placed it to the credit of the customer's account, which was overdrawn at the time. An endorsement on the cheque had been forged, and the true owner sought to recover the amount from the defendants, claiming that because the money had not been paid over to the customer, but had been used to cover his over-

draft, the defendants lost the protection of the Statute, but the court held that the protection was not lost. The following vigorous language of the learned Judge is conclusive:

"If the banker is not to incur liability to the true owner "by reason only of having received such payment, what have the "defendants done more in this case that is to make them "liable? . . . If putting the money to the customer's "account is not to make the bankers liable when the customer "is in funds, it cannot make them liable when the customer "happens not to be in funds."

This subject is well worthy of attention by the Association, with a view to making the advantages of crossed cheques known to the commercial community, and thereby bringing about their adoption generally in Canada. The Statute has been in force now for eight years, and very few merchants know of it. Those who do know do not understand it. If the banks act, the knowledge will soon become wide-spread. If the banks do not act, no one else will.

Z. A. LASH

Toronto, Oct. 26, 1898

NOTES ON DECIDED CASES

1828—*Stewart v. Lee*, 1 M. & M. 158.

Semble—The custom of writing the name of a banker across a cheque is only for the purpose of securing that the payment shall be made to some banker, not to the banker originally named, for the holder may substitute another for him, and this even when the name of the particular banker is originally written not by himself, but by the drawer.

Held, that a special crossing had not the effect of affecting the banker whose name was written across it and into whose bank it was paid with knowledge that the sum mentioned in it was the money of the payee. C. drew a cheque payable to A. and B., assignees of P., crossed specially with the name of their bankers, with whom they had an account as assignees; B., who had a private account with the same bankers, paid in the cheque to that account; the Court held that bankers were justified in applying it to that account because, according to the usage of bankers, the crossing with the payees' banker's name was no notice that the money was the money of the payees.

1842—*Alexander v. Burchfield*, 7 M. & G. at 1067.

Delay in presentment owing to crossing is excusable. See also *Stringfield v. Lanezzari, post.*

Wright v. Guild, 30 Scot. L. R. 785.
Person who cashed cheque held to be agent, not of payee, but of holder.

Carlon v. Ireland, 5 E. & B. 765, is also authority for the proposition that crossing a cheque payable to bearer, whether made by the drawer or the bearer, does not affect its negotiability.

1876—*Bobbett v. Pinkett*, L. R., 1 Ex. Div. 368.

The plaintiff drew a cheque on his bankers M. & Co., payable to the order of one Pennach and crossed "L. C. Bank." He sent it to Pennach for value, from whom it was stolen and his endorsement was forged. It finally found its way into the hands of the defendant, who took it in ignorance of the forgery. The defendant's bankers through their London agents the L. & J. Bank presented it to M. & Co., and received payment notwithstanding the crossing. The defendant thereupon gave value to the person from whom he acquired it. Meantime the plaintiff had sent the payee another cheque at his request and it had been duly paid by M. & Co. His account being debited with both cheques, he thereupon sued defendant for money had and received. Notwithstanding the jury's finding that every one excepting the defendant had been guilty of negligence, it was held that the first cheque having been paid without authority by M. &. Co., the plaintiff could maintain an action against the defendants who acquired no title thereto.

1884—*Bissell v. Fox Bros. & Co.*, 51 L. T. N. S. 663.

S., an agent, received certain cheques payable to the order of his principal, and, without authority, endorsed them *per proc.* and deposited them with his own bankers, the defendants, who immediately treated them as cash and placed the amount to his credit without enquiring as to the sufficiency of the authority. Six of the cheques were drawn on other bankers than the defendants, three of them being crossed generally and three uncrossed. Defendants crossed them specially with the name of their London agents. The remaining cheque was drawn on the defendants and was not crossed. S. absconded and this action was brought for conversion.

It was urged by the defendants that section 82 protected them, but it was held that as to the cheques uncrossed when received it did not apply, as the section contemplates a banker receiving payment of a cheque already crossed and not an uncrossed one afterwards crossed by himself.

As to the others it was held that the payment was not received for a customer only "*because having treated the cheque as cash the payment was really received for themselves,*" and that as to all six the negligence of the defendants in failing to enquire into S.'s authority deprived them of the benefit of the Statute.

On the question of crossing *Denman J.* said, "I think the act was intended to protect bankers only in cases in which they had merely received payment of a crossed cheque for a customer, but not that it was intended to cover the case of a banker making himself the endorsee of a cheque, especially of a cheque endorsed by his own customer with notice of that customer's limited authority, so as to dispense with the necessity of an enquiry into such a case.

The case was affirmed on appeal with a variation as to the single cheque, but the Judges chose to rest their decision on the question of negligence, not dealing with the effect of sec. 81. See 53 L. T. N. S., 193.

1887 —*Stringfield v. Lanessari*, 16 L. T. N. S. 361.

A cheque crossed generally was given in payment of an account. It was deposited with the payee's bankers at once, but they did not present it for some time and during the interval funds which would have been applied in its payment were exhausted by other cheques.

In an action brought upon the cheque the defence was set up that it had not been presented within a reasonable time, but the Court held that having complied with the crossing in depositing it for collection in a bank the payee had done all in his power and was not responsible for the consequences of any subsequent delay.

1891—*National Bank v. Silke*, L. R. (1891) 1 Q. B. 435.

Here the defendant drew a cheque payable to the order of M., and crossed it "account of M., National Bank." He gave it to M., who endorsed it to the National Bank, the plaintiffs. The latter placed it to M's credit and forwarded it for collection, but payment had been stopped on the ground that the cheque had been obtained by false pretences. The plaintiffs then, upon M. refusing to make good the amount, sued the defendants, who contended that the crossing had rendered the bill non-negotiable and that the plaintiffs took subject to all equities.

It was held, however, and affirmed on appeal that the negotiability of the cheque had not been affected and that the words of the crossing "Account of M.," merely amounted to a direction to the plaintiffs to carry the proceeds of the cheque to the credit of M.'s account when received.

1894, April 4th—*Matthews v. Brown & Co.*, 63 L.J., Q.B., N.S. 494.

The Queen's Bench Division affirmed the decision of the Court below, which held that bankers who collect cheques for absolute strangers cannot claim the protection afforded by section 82 of the English Act, which is similar to section 81 of ours. It is there said that to hold otherwise would be to "strip crossed cheques of every vestige of security which presumably attends them, and that a thief would find in every bank he passed a safe and certain and even authorized channel for realizing the spoils of his crime." Also that the word "customer" and the sense in which it is used involves something of use and habit.

This was also followed in *Lecave & Co. v. Credit Lyonnais* (1897), 1 Q.B. 148—referred to ante—and in *Kleinwort Sons & Co. v. Comptoir National D'Escompte de Paris* (1894), 2 Q.B. 157.

APPLICATIONS TO BANKS FOR LINES OF CREDIT

BEING THE ESSAY IN COMPETITION I TO WHICH THE FIRST PRIZE WAS AWARDED

1. Stern Bros. & Co., wholesale manufacturers of boots and shoes, Montreal, apply to the Canada Bank for a credit of $25,000 to $30,000 by way of unsecured loans, and $80,000 on trade paper. They furnish the following balance sheet, dated the 1st September, 1897:

ASSETS		LIABILITIES	
Real estate, with factory, plant and machinery	$72,379 82	Bills payable	$40,491 60
Open accounts	49,637 64	Due to Commercial Bank	10,000 00
Bills receivable	7,594 32	Accounts payable	42,739 12
Merchandise manufactured and in process	92,633 40	Mortgage on factory	35,000 00
Patents for making the Stern shoe	8,000 00	Surplus	103,746 48
Cash in bank	1,732 02		
	$231,977 20		$231,977 20

The firm have under discount with their bankers $78,263 of their customers' paper, of the average quality of that furnished by retail boot and shoe dealers. They state that their sales for the year were $247,000, of which $43,000 were for cash, and they claim to have made a little progress during the year, notwithstanding the unfavourable business conditions which prevailed. Their terms to the trade are "four months, 1st April and 1st October."

Their account has hitherto been kept at the Commercial Bank, and they assign no other reason for wishing to change than a personal preference for the manager of the Canada Bank.

State comprehensively your impressions of the application from the information thus afforded.

IN order to obtain a clearer impression of the position of Stern Bros. & Co., the statement submitted should be prepared so as to show at once the total of the liquid assets as against the floating liabilities—these being the figures upon which a bank credit should mainly be based—and also be subjected to abstract and the figures brought to such a level as general experience may have proved to be necessary in order to show as nearly as possible the actual position of the firm, having in view any contingency liable to arise. It is assumed that the standing of the firm, as regards character, etc., is an average one, and that their statement is as reliable as those of other firms of average standing.

Prepared so as to show liquid assets and floating liabilities at a glance the statement is as follows:

ASSETS		LIABILITIES	
Open accounts.....	$49,637.64	Bills payable	$40,491.60
Bills receivable	7,594.32	Due Commercial Bank..	10,000.00
Cash	1,732.02	Accounts payable	42,739.12
Merchandise	92,633.40		
Total liquid assets....	$151,597.38	Total floating liabilities	$93,230.72
Real estate, plant and machinery	72,379.82	Mortgage	35,000.00
Patents.....	8,000.00	Surplus.....	103,746.48
	$231,977.20		$231,977.20

In undertaking the abstracting of this statement, the first two items to consider are open accounts and bills receivable. These accounts being of average retail boot and shoe dealers' quality, and containing as they almost certainly do, a number of doubtful and possibly bad debts, may reasonably be reduced 25%. The paper on hand is probably not that of the firm's best customers, and may likewise be reduced 25%.

This is not at all a too severe reduction, as the average quality of retail boot and shoe accounts is not high, and it seems evident that the firm's customers are largely slow pay, otherwise there would not be so much as $135,494.96—(open accounts $49,637.64, bills receivable $7,594.32, trade paper under discount at the Commercial Bank $78,263)—owing them at a season of the year when such owings, even allowing for reasonable renewals, etc., should be much smaller, as the April accounts at least should have reduced themselves largely by the end of August, and the aggregate time sales for the year were but $204,000.

The item of merchandise must be subjected to a somewhat heavy reduction, because it is only too well known by bankers who have had any experience with Montreal wholesale boot and shoe firm accounts, that, whatever the reason, in case of an assignment, or other contingency, rendering a forced sale necessary, the important item of merchandise shrinks lamentably on realization. The item must embrace a large quantity of goods in process of manufacture, rightly taken into the statement at cost, but which realize at forced sale often not one-quarter of

their cost, and also no doubt much old and practically unsalable stock, and a reduction on the whole item of 40 per cent. would not be too great.

Without a separation of the item real estate from the plant and machinery, and a definite knowledge of its location, it is difficult to determine its approximate value. Probably it is held at about $60,000, but it is heavily encumbered, and in the event of the firm getting into difficulties, there is the possibility of the equity vanishing under a forced sale, and of nothing resulting for the ordinary creditors from the asset. On the other hand, if its location is good, and the buildings first-class, it might find ready sale as a bargain at say $40,000 to $45,000, and therefore if the item as a whole—as plant and machinery very seldom bring much—be put in the abstract at say $45,000, it would probably be a reasonable view, and do the firm full justice.

The patents, while no doubt useful for Stern Bros. & Co., and possessing, it may be, to them the value set upon them in the statement, might be of little value to others, and would not in all probability realize much if sold, and $1,000 would be quite sufficient to place against them.

Basing the figures of the abstract upon the foregoing reductions the firm's position shows as follows:

ASSETS		LIABILITIES	
Open accounts & B. R. less 25%	$42,921.97	Bills & Accounts payable.	$83,230.72
Merchandise, less 40%	55,580.04	Due Commercial Bank	10,000.00
Cash	1,732 02	Total floating liabilities	$93,230.72
Total liquid assets	100,234.03	Mortgage	35,000.00
Real estate, plant and machinery	45,000.00	Surplus	18,003.31
Patents	1,000.00		
	$146,234.03		$146 234.03

The liquid assets under a not too severe abstract are therefore but $7,003.31 in excess of the floating liabilities, and the surplus is reduced from $103.746.48 to $18,003.31.

The abstract shows also that a reasonable reduction in the liquid assets brings them down so that they only exceed by a little over 20% the large floating liabilities to parties outside the bank.

The statement therefore does not look attractive under abstract, and the firm's application to the Canada Bank is probably brought about by the refusal of the Commercial Bank to increase the direct line of credit for the coming year, and possibly by their pressing for liquidation of all direct advances carried by them, which they no doubt consider should have been cleared off prior to the commencement of the new season's business. The firm's bills and accounts payable to outsiders are about 55% of the claimed liquid assets, and the working of the account may have revealed many points tending to show that these liabilities are much too heavy for the condition of the business. The bank may have found the account steadily assuming less satisfactory shape, and may have decided to curtail, and if possible, cut off, or make strictly temporary, all direct accommodation, and also, having in mind the direct loan they are carrying, may for some time past have been more particular in regard to the quality, amount of individual risks, renewals, &c., &c., of the trade paper accepted for discount, in order to minimize the risk in it.

Without actual knowledge of the trade paper, its distribution, legitimacy, &c., it is impossible to arrive at a definite conclusion regarding it, but it is safe to affirm that, even if carefully handled in regard to collection, extensions, &c., it would not result better than paper of its class usually does, if 90 % of the total took care of itself in the event of Stern Bros.' failure, and the risk in this possible shortage is quite large.

The firm no doubt feel the necessity for additional accommodation, and after probably several ineffectual attempts to induce the Commercial Bank to give them more direct money, and being convinced of the futility of further efforts there, they decide to apply to the Canada Bank for the money they require in order to transact the desired volume of business, and in doing so advance as a reason for this important change, a personal preference for the manager of that institution. This expressed reason for wishing to change bankers is not a good one, and, in the absence of more particulars, awakens a feeling of caution of which it is impossible to free the mind when considering the firm's position.

The floating liabilities of the firm outside their bankers are

large; the real estate is rendered practically useless so far as a bank credit is concerned, owing to the heavy encumbrance of $35,000; the statement abstracted leads to the conclusion that the $10,000 due to the Commercial Bank, which may have become quite stagnant, is none too well protected, and seems to prove quite clearly that such a large amount of direct accommodation as is asked for—$25,000 to $30,000—would only be safe if surrounded by good independent collateral security, and that the risk involved in discounting $80,000 of retail boot and shoe paper would be sufficient for any bank to safely assume with the firm.

As will be gathered from the foregoing, my impression of the application is not favorable, and I should decline the account.

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2. John Scott & Co., wholesale hats and caps, Ottawa, a firm of several years' standing, have been customers of the Canada Bank for one year. At the time of the transfer of their account they submitted the following balance sheet, dated 30th April, 1897:

ASSETS		LIABILITIES	
Merchandise	$69,071 53	Accounts payable	$21,609 52
Fixtures	1,762 40	Bills payable	27,920 35
Accounts and bills receivable	19,762 68	Surplus	55,535 87
Cash	469 13	(Customers' paper under discount, $42,740)	
Real estate (Warehouse $20,000, mortgaged for $9,000; block of stores in Almonte, $8,500, mortgaged for $5,500)	14,000 00	Annual sales stated at $150,000	
	$105,065 74		$105,065 74

Upon the strength of this they were accorded a credit of $50,000 on trade paper. The course of the account during the year, taking the figures at the end of each month, was as follows:

	Overdraft	Trade Bills		Overdraft	Trade Bills
May, '97	.....	$45,410	November, '97	.....	$45,260
June	.....	44,960	December	.....	43,780
July	.....	44,200	January, '98	.....	43,770
August	$4,647	42,740	February	$4,461	42,490
September	1,276	40,820	March	1,620	40,810
October	.....	46,510	April	.....	44,940

the overdrafts in August and February being required owing to the fact that their bills payable were as usual heavier in those two months than at other times in the year.

They now apply for a renewal of their credit, and furnish the following statement of their affairs, dated 30th April, 1898.

ASSETS		LIABILITIES	
Merchandise	$71,621 41	Bills and accounts payable	$50,610 54
Fixtures	1,912 52	Surplus	56,127 34
Accounts and bills receivable	18,489 66	(Customers' paper under discount, $44,940)	
Cash	714 29		
Real estate, less mortgages	14,000 00		
	$106,737 88		$106,737 88

Their sales during the year are stated at $148,000. The larger part of the sales consists of spring and fall goods, dating from 1st April and 1st October. Terms to the trade, four months.

Explain fully your views as to the various points involved, and show in what manner you would deal with the application, including among other things any discussions you might have with the customers and your head office. State what your judgment on the application is, and the reasons for it.

In considering a renewal of John Scott & Co.'s credit it is necessary to compare the new statement furnished with that of the previous year, in order to ascertain as closely as possible the result of the year's business.

This comparison shows as follows:

ASSETS	April 30, '98	April 30, '97	
Cash bills rec. & accounts..	$19,203.95	$20,231.81	—$1,027.86 decrease
Merchandise.....	71,621.41	69,071.53	— 2,549.88 increase
Total liquid assets....	$90,825.36	$ 89,303.34	—$1,522.02 net increase in L. A.
Fixtures.....	$ 1,912.52	$ 1,762.40	—150.12 increase
Real estate, m'tg'g'd $14,500	28,500.00	28,500.00	
Total assets	$121,237.88	$119,565.74	—$1,672.14 net increase total assets.
LIABILITIES			
Bills & Accounts payable...	$50,610.54	$49,529.87	—$1,080.67 increase in floating liabilities
Total floating liabilities....	$50,610.54	$49,529.87	
Mortgage debts.....	$14,500.00	14,500.00	
Total liabilities	$65,110.54	$64,029.87	—$1,080.67 increase in total liabilities
Surplus	$56,127.34	$55,535.87	
	$121,237.88	$119,565.74	

Increase in liquid assets.....	.....	$1,522.02
Do.	floating liabilities	1,080.67
Do.	liquid surplus	441.35
Do.	fixed assets.....	150.12
Do.	total surplus.....	$591.47

Trade paper under discount 30th April, 1897, $42,740; 1898, $44,940.

The firm's position while seemingly somewhat improved, is really not quite so good, for banking purposes, as in 1897, owing to the fact that the floating liabilities are increased by $1,080.67, and the proportion of floating liabilities to liquid assets is 55.72% as against 55.46% for 1897, while the trade paper under discount is increased by $2,200. On a turnover of

$148,000 the firm should have done better, and their not having done so must mean the realization of extremely small profits, or very heavy losses by bad debts.

If, however, the statement of 1897 was strong enough to base a trade paper credit of $50,000 upon, there is not change serious enough in that of 1898 to prevent a renewal of such a credit.

It is when the course of the account for the year is studied that the renewal of the credit becomes a matter for more serious consideration, because, although particulars of the working of the account are missing, and actual experience might change slightly the view, in this respect the account certainly appears to possess very unfavorable features. It is difficult to understand how the firm could have with their new bankers at the end of May so much as $45,410 under discount, unless a large portion of the $42,740 shown to be under discount with their former bankers on April 30th, 1897, was retired before maturity and re-discounted at the Canada Bank.

The firm's sales largely date four months from April and October 1st, and it would naturally be supposed that much of the $42,740 referred to contained bills maturing August 4th, and that the whole amount would be retired gradually until at the end of, say four months from the time of the acquisition of the account, it would all have been taken care of. During this time the amount under discount with the Canada Bank would in the ordinary course have made gradual growth.

Assuming, however, in the absence of definite information that the paper was taken over with the account, there is an absence throughout the year of those desirable fluctuations, indicative of a healthy business, which are looked for by a banker, especially in trade paper. It would have been infinitely better had the figures for, say August and February, fallen to $20,000 or $30,000, and in October and April have reached $55,000, than to remain as they did. The overdrafts seem to indicate clearly that the firm had themselves to look after much of their customers' paper at maturity.

It is stated that the overdrafts were required owing to the fact that their bills payable were heavier, as usual in August and February, than at other times in the year ; but even if this

be true, the bare course of the account leads to the impression that much of their customers' paper had been charged to them either upon or about the dates it would in most volume mature—August and February 4th—and that this, coming upon them at a time when several of their own bills were payable, would cause them to ask for, or almost force, an overdraft until they could offer new trade paper to cover.

These overdrafts, during probably more than a third of the whole year, are the most objectionable feature of the account. The figures may have been, and most probably were, considerably higher than those shown at the end of the months, and seem to indicate the firm's inability to provide satisfactory trade paper to cover their requirements.

At the end of August and February the trade paper under discount is more than $7,000 below the credit authorized, and had they been able to offer this amount for discount, no doubt they would have done so, as they were probably uged to keep the account covered in this way. That they could not make this necessary provision is against them.

Judging from the information given, the business does not appear to be any too attractive, and the former bankers of the firm possibly allowed the account to go without much regret. The paper discounted, while it may be fairly distributed and of moderately good quality, probably does not look after itself very well, and the firm seem to be doing more business than their available surplus warrants, and consequently have to expose their position by asking for large overdrafts to help them through. Of course the actual working of the account may have demonstrated favorable features not evidenced by the statement and course of the account, but even making an allowance for this, the account should not be continued for another year on the lines permitted during the past year.

It is, however, probably a rather profitable account, and as the position of the firm appears to be such as to make them under any reasonably conceivable contingency good for any ordinary liability likely to arise out of a trade paper line such as they enjoyed the past year, there would probably be no error of judgment in continuing it for another year upon the understanding that no overdraft would be permitted. In discussing

the matter with the firm it would not be necessary to do more than to express some disappointment at the poor result of the year's business, and to point out to them that when the account was accepted there was no mention of a direct credit such as they had had by way of overdraft during the year, that none was authorized by head office, and that during the coming year it would be necessary for them to confine themselves strictly to the line of trade paper, and head office would be written to as follows:

"The General Manager,
"Montreal

"Dear Sir: *John Scott & Co.*

"This firm have applied for a renewal of their credit of $50,000 on trade paper for the ensuing year, and in this connection we beg to enclose a statement of their affairs as at 30th April last.

"For purpose of easy comparison we have placed the figures for the previous year in an outer column. (This would accompany the letter on separate sheet).

"The statement is somewhat disappointing to us owing to the fact that, while there is a small addition of $591.47 to the surplus, there is also an increase of $1,080.67 in the liabilities, and a slight increase in the proportion of floating liabilities to liquid assets. The trade paper under discount shows an increase of $2,200, being $44,940, as against $42,740.

"The firm give their turnover for the year as $148,000, but profits were small and losses by bad debts were, it is claimed, unusually heavy. They, however, confidently anticipate a better season this year, owing to the general improvement in business.

"The following shows the course of the account during the year, taking the figures at the end of each month. (Here would follow the course of the account.)

"It will be seen that the fluctuations in the paper were not pronounced, and that the firm found it necessary to overdraw their current account considerably at times. Taken as a whole, we must admit that we have found the account less satisfactory than our anticipations of a year ago led us to believe it would be, yet at the same time it has been profitable, and we think it safe.

"We have spoken to the firm in regard to the overdraft, and have called their attention to the fact that when we took up the account a year ago a direct credit was not considered nor authorized by you. We, however, feel satisfied that the account

could safely be continued on further trial for another year, upon the strict understanding that the firm confine themselves to the line authorized, and we beg therefore to recommend a renewal of the credit of $50,000 on trade paper.

"We shall, of course, be careful to see that the paper discounted is well distributed, and as far as possible that it represents strictly goods sold.

"If, however, we do not find the account work quite satisfactorily during the year, we shall be willing to allow the firm to go elsewhere."

—

R. W. CROMPTON

DOES BANKING IN CANADA OFFER AS SATISFACTORY A CAREER TO A YOUNG MAN AS OTHER FORMS OF BUSINESS OR PROFESSIONAL LIFE?

BEING THE ESSAY IN COMPETITION II TO WHICH THE FIRST PRIZE WAS AWARDED

THE most serious problem confronting a young man who is just entering upon the responsibilities of life is, undoubtedly, the choice of a means of livelihood; the careful consideration of the different forms of business or professional life, in order to determine which seems likely to afford the most satisfactory career in every respect. There are certainly a large number from which to make a choice; the learned professions, science, art, journalism, and mercantile life in its various branches, which all seem at first equally desirable, and the very width of the prospect is in itself bewildering. On the one hand, the young man hears of those who have made a brilliant success of life as doctors, lawyers, artists, scientists, or journalists; men who have started with only their brains and education as capital, and have now become the heads of their profession. On the other hand, he hears of wealthy business men— "merchant princes"— who have hewn out the path to opulence by their own exertions. Others are the salaried heads of great corporations, with incomes beside which the remuneration of a cabinet minister seems small in comparison. It is indeed very hard to decide which step to take, and the decision is a very momentous one.

It may be that the aspirant for honors in life is one of those lucky individuals like the Duke of Wellington, of whom it has been said that "if he had not been one of the greatest generals of the world, he would have certainly been one of the greatest merchants;" but such cases of diversity of talent are

rare, and it behooves everyone to select that profession for his life work, which he thinks he is suited for, and which seems to offer the best chances for those of average ability.

In determining what occupation offers a satisfactory career, several considerations have to be taken into account, the principal of which are—the cost of preparation and the time occupied in fitting oneself, the remuneration to be obtained by the average man, the confining tendency or not of the occupation, the prospects of future advancement in wealth or position, and lastly the social status. All these have to be calculated upon in order to arrive at a decision.

Not a few men have a distinct aptitude for some special work, and in such cases should always follow their natural inclinations, but for the majority, the time for choice means the first favorable opportunity for starting work, either by attendance at college for the purpose of professional education, or by launching at once into the world of business. Men starting active life under such conditions are far more favourably situated than is the genius who is forced to labour out of his sphere, and are more likely to succeed, because, having no previous fancy for any particular kind of work, they are the more likely to concentrate themselves on the line of action to which they may happen to be set, and will so succeed better. Concentration on one's occupation cannot be too strongly insisted upon, as in a great many cases it is the key to success, the "open sesame" to the world's riches, either of honor or wealth. Many boys who have been considered stupid at school have astonished their former teachers and companions by their triumphant career in life, through hard work and diligent attention to whatever they were engaged at.

The problem "what to do with our sons" is becoming an important one in Canada, as well as in other countries, and it becomes more serious each decade. Everything that seems to offer any advantages, even that which only offers a mere living, is eagerly taken up, and this course has led to the overcrowding of the professions, excessive competition in business, and many kindred evils. Of course these in the long run prove a cure to themselves, but during this slow process, those who are dependent on the different professions have to suffer the penalty.

Among other occupations, that of a salaried officer of a corporation offers advantages which are decidedly worthy of more than a passing consideration, more especially when that corporation is one of our Canadian banks, and these advantages will stand all the tests for a successful career as laid down in the beginning of this article. The young man who is lucky enough to obtain an appointment on the staff of a chartered bank, has his feet on the lower round of a ladder, by means of which it possible for him to equal, if not to overtop, his contemporaries who start in life with him.

The following extract from a recent English writer on the subject, gives a good idea of the possibilities of the field :—" The life of a bank clerk is devoid of that ' halo of romance ' which so often attracts ambitious youths to the army and navy. It is generally uneventful, and the opportunities for great distinction are few ; but for a lad who has good abilities without being brilliant, and who is willing to work chiefly with his head, it offers a fair field and a chance of early competence."

Banking in Canada offers a good chance of success to an ambitious man who is determined to get on, and has the necessary qualities. Our country is a young one, possessed of boundless resources, which are as yet almost untouched, with room for a population more than ten times what it now has, and a certainty of steady increase at least, and so as yet, is in what one might call her commercial childhood. In the growth of the country's commerce, and in its development generally, the banks play an important, if not an indispensable, part, by the circulation of money, facilitating the operations of trade, and by furnishing credit to those needing and deserving it. With this growth of the country's trade, the banks are bound to prosper accordingly, and in the prosperity of the bank is the prosperity and the surety of a comfortable future of every employee on its staff.

We propose to contrast here the profession of banking in Canada with other occupations, on the basis mentioned before, of cost of preparation and time occupied in fitting oneself for remunerative work, income, confining tendency, future prospects held out, and social position to be gained.

In regard to the cost and time spent in preparation, we ven-

ture to say that the advantages are all on the side of banking, and may here quote in support of this, the words of an eminent Canadian banker, whose success in his chosen profession entitles him to speak with authority:—"Young men who enter a bank-"ing office, and are intending to make banking their profession, "have a considerable advantage over young men who enter "other professional pursuits. In these, a long course of educa-"tion, both general and technical, has to be submitted to, which "rarely comes to an end until parties attain the age of twenty-"three or twenty-five years. During the whole of this time "they are earning nothing, but are a constant source of expense "to parents, guardians, or friends. Moreover it is well known "that even after this a young man seldom earns any remunera-"tive income for several years, and may continue even beyond "the age of thirty, still dependent upon parents or friends for "the income necessary to support him.

"On the other hand, a young man entering a banking "office, say at seventeen years of age, is placed on a salary "almost immediately, and his salary, after the first twelve "months, is invariably such as will meet his board expenses, "and other expenses too, if he lives carefully and economically. "Moreover the salaries of young men go on constantly increas-"ing at the very time they are learning by practice and study, "what is equivalent to the professions previously named.

"The student of these professions gets nothing. The bank "student, if we may call him so, has a constantly increasing "salary to which he can look forward with confidence, at any "rate until he arrives at the same age when other students "begin to earn their very first dollar."

This very aptly describes the position of the young bank clerk, as compared with the young professional man, during his course of preparation, for that is in reality all that the first few years in a banking office are, as a clerk always requires looking after and teaching during that period. But he compares most favorably, also, with one who starts work in a wholesale or retail business. In these cases the young man has to serve for years in a subordinate position, with no greater salary than falls to the lot of a bank clerk, if indeed it is as much, and with disadvantages to labor under in the way of future prospects, as will

be mentioned later on. Of course he too is paid for his work while learning it, but these drawbacks make his position less desirable.

We now come to a consideration of that part of the subject which is of most importance to the average man, the income to be derived from his service. With regard to this, banking can offer very satisfactory results. Clerks in a bank have a distinct advantage over other clerks in the matter of salaries. A bank being in the position of a custodian of its customers' wealth, and responsible for its proper care and use, is compelled to select for its service, only those on whom it can implicitly rely. While it could most certainly obtain persons who would perform most of the clerical work for a very small salary, still the fact that it is paying not for the work only, but also for its clerk's uprightness of character and discretion, which are equally important with his capacity for getting through a certain amount of work, compels a larger remuneration, and a well managed bank never hesitates to pay for the qualifications it requires. "While a clerk retains these essentials, he is not likely to find the bank employing him unwilling to recognize even these modest merits."

The brilliant man who takes banking as his profession (one who is endowed by nature with great business capacity or administrative powers), has plenty of scope for the display of his abilities in the various departments of bank work; and among the large number of men employed as clerks, is sure to be found eventually in a position suited to his talents. Such a position carries with it an income very much larger than falls to the lot of all but a very few in business or professional life. Of course it is understood that in the majority of cases this ability is lacking, and in such a case a man will do well to be content in the humbler position that nature has shaped him for. The ability of each clerk in the service is always under consideration by his superiors and his value usually known to a fraction, so that none who are conscious of possessing talents, and using them faithfully in the interests of their bank, need fear being passed over without recognition in the shape of increased salary.

In a little book called "The Country Banker," the subject is spoken of in this way: "A bank cannot give large salaries

"to all its officers; but if its highest offices are open to everyone "in its employment who shall prove his fitness for the same, "there will be no apathy on its staff. It will be the object of "every one to devote his best abilities to the practice and study "of his profession, and thus an able, zealous and loyal staff will "be developed."

The several posts in a bank differ so widely in regard to the efficiency required, and the salaries paid for them also necessarily differ so much, that no hard and fast rule can be laid down; but the mediocre man, say of thirty-five, is sure of getting from one to two thousand, in most Canadian banks, and the brilliant man from two to four thousand, and in case of general managers, from ten to twenty-five thousand. Few occupations can show results like these, and the bank salary has the additional advantage of being sure, and of giving promise of increase with every increase of efficiency.

A young man in a wholesale or retail business is on much the same footing as a bank clerk with regard to salary for the first few years, but there the resemblance ends. The scope for a display of talent is decidedly more limited, and beside this a business man can only afford to pay a certain sum to his subordinates, no matter how brilliant they may be. Beyond a certain point the salary cannot be advanced, and complaining is useless. The market price of mercantile clerks is well known, and the competition for vacant places is keen. When a man has reached that point beyond which he can expect no further increase, only two courses are open to him. He must either remain contented with a lot he is powerless to better, or if he is in a position to command any capital he can start in business for himself. Let us see what difficulties he has to face. Business life, or at least part of it, in which wholesale and retail trade are comprised, is by no means always a bed of roses. Although the names of the few millionaires are well known to every one, and should be an example and encouragement for an ambitious man, still the unnumbered multitude who have failed to weather the storms of business adversity fail to attract any notice, and are seldom taken into account by a man when calculating his own chances. One has only to refer to Dun's or Bradstreet's reports, and note the long list of failures, writs issued,

bills of sale, mortgages, and all the other disasters which befall the unfortunate business man, to realize that the ways of trade are rough, and strewn with wrecks. Of course it is undoubtedly a fact that some have made a conspicuous success in the very place that others have failed in, still they are few in number compared with those who can extract nothing more than a bare living from their business, in spite of all their exertions. Others are always in monetary difficulties, and the mind of such a one is continually harassed with care and worry over the impossibility of making a payment of one hundred dollars out of ninety-nine dollars on hand. Should the advice of this man be asked about the advisability of entering business, his answer would be an emphatic " no."

Some branches of retail trade are better than others, but modern methods of doing business on a large scale have left very little profit in it for a small merchant. The competition of departmental stores in the large cities is very severely felt all over the country, and has resulted in a decided loss of business for the smaller towns, and no effective means of fighting them has yet been devised.

If business life does not seem to hold out very great hopes of early competence, still less can be said for professional life. In law and medicine it is always expected and understood that at least two or three years, and oftener much more, must be spent in "working up a practice," a term which practically means sitting down in idleness to wait for tardy clients or patients, while living at the expense of one's parents or friends. Even when a practice has been developed, the results are usually small for some years, while a man is acquiring prominence. Some few, principally specialists, get to be well known for their skill, and such can command large rewards for their services; but the majority continue on until middle life in the enjoyment only of modest incomes. Few professional men are born great, and few achieve greatness, and fewer still, in this nineteenth century, have it thrust upon them.

The next point to come under consideration is whether the occupation has more than usually confining tendencies or not. In this respect the advantages of banking life are almost too well known to be mentioned at all. A bank clerk, in most towns

and cities, commences his work at nine o'clock in the morning, and is usually out and away by four. In contrast to this, the hours spent in labour by the commercial clerk—from seven until six, and sometimes longer—seem very long indeed. Of course a bank clerk is more or less closely tied to his desk during his hours of work, and in the case of ledger-keepers and tellers, in a large city branch, have very few moments they can call their own, even for lunch purposes in the middle of the day; still, when their work is over, they have left a couple of hours for recreation or exercise in the afternoon, an almost priceless boon to those of sedentary occupations. Moreover the bank clerk has his evenings to himself, and can spend them either in social amusements or in self improvement, whichever he feels inclined for.

On the other hand, to be a successful lawyer, one must spend every spare moment, during at least the early portion of one's career, in mastering the multitudinous details of the profession, and in preparing cases for successful pleading. The medical man, also, has really no time which he can call his own, winter and summer, rain or shine, night or day; someone has need of his services, and the call must always be promptly obeyed, or his practice will surely desert him. The merchant or manufacturer must stick closely to business in order to overlook his affairs, or his affairs will soon cause him a great deal of worry. All these are tied closer than the bank clerk, by their own self interest, and if they would be successful, must know little rest. With the bank clerk, however, the work which counts for his advancement or otherwise, is during short hours, say from nine to four, and after that his mind can be abslutely free from all the worries and annoyances incident to office life.

All these points, however, are in reality of minor importance, compared with the great question of the future prospects held out by one's chosen profession. A man is almost always willing to work hard for years, for a comparatively small remuneration, provided he can see ahead a certain prospect of success. But it is the impossibility of seeing into the future which is the drawback to almost every occupation a man can enter into. Does he go into one of the learned professions, there is no certainty that he will have enough practice even to gain his daily

bread, and unless he is decidedly above mediocrity he certainly will never be able to obtain more than a moderate income. Only the specially able and brilliant ones earn anything beyond this, and whether a man is specially able and brilliant cannot well be determined by himself, but must be left to the test of actual work. If a man enters business for himself, it is impossible to foretell whether he will succeed or not, and the chances are not all in his favour by any means. It has been estimated that fully fifty per cent. of those in business encounter misfortune sooner or later, and this is no doubt true. If literature or art are chosen, then here again are occupations the prizes in which are only to the few. This is especially the case in a young country like Canada, and of those following these pursuits in this country, the majority hardly make a living. In science, there is no future in Canada to even a fairly clever man. If he should become well enough known to be called to a chair in one of our colleges, he gets a medium salary, with no prospect of increase, and no hope of bettering his worldly position.

Beside all these, the banking profession can offer at least equal inducements. The maxim that "there is always room on top," holds good in banking as well as in everything else, and when the top is reached, in the position of cashier or general manager, the position is certainly one of great dignity and emolument. Although of course there is only one general manager to a bank, still there must be the one man to occupy that position, and that man will be the one who has singled himself out from among his fellows, by devotion to duty, self improvement, and generally by making the most of the capacity he was endowed with by nature. Although it is not every clerk who is capable of becoming in process of time the head of his institution, still all should keep this in mind as the goal of their efforts, and thereby they will make the most of any abilities they possess.

As the brilliant man need have no fear for his future while in the employ of a bank, so also one who is only modestly equipped with talents need be under no apprehension, at least so far as a moderately good income is concerned. As remarked before, the prime requisites in a bank are honesty, discretion, and a willingness to work, and no bank is likely to overlook even

these alone; in fact there is no business in which the mediocre man is as well paid as in banking. In ordinary business or professional life, the man who is classed simply as ordinary is more sure of failing in his occupation than of succeeding in it, but in banking, a man's character counts for so much, that a hard working and faithful man, though he may not be at all brilliant, need have no fears for the future. Of course there comes a time when his salary ceases to be advanced, the period when a man reaches his "maximum of capacity." Here the remarks of the Canadian banker quoted before, bear very fully on the situation:—"It is not every officer who displays the kind "of efficiency that fits him for the higher posts in a bank, any "more than every young lawyer or medical man has the capacity "of fitting himself for a larger and higher style of practice. "There are those who attain what may be called the maximum "of their capacity in a country branch. There are those also "who in a city branch, attain the maximum of their capacity in "a subordinate position. Up to the time that this maximum is "reached, men can look forward to steady promotion and "increase of salary. But this point being reached, and it being "obvious that all the officers of a bank cannot all occupy the "higher posts, there must in some cases be a period beyond "which an advance of salary cannot be looked for."

This point is reached sooner or later by almost all the clerks on a bank staff, but as the higher posts in a bank are so much higher than the lower, there is a great range of responsibility, and the men are paid accordingly. The talents required to fill the different posts differ very widely too, and where a man is not capable perhaps of filling some of the posts where great speed and correctness are required, such as tellers and ledger keepers in a large city office, still there are other posts requiring less speed, but more judgment, in which he would be a great deal more at home, and in which he would do himself more justice. This very difference in the work is what makes it more possible for a man to have work suited to his abilities in a bank, than in many other occupations. As Rae, "Country Banker," says:—"Banking is not all routine. . . . . It gives scope for the exercise of qualities ranging from those of the mere drudge to abilities of the highest order."

When a man reaches the higher positions, such as manager or inspector, he not only commands a good salary, but is also in a position of importance in the community.

Another strong factor in determining a man's future prospects is the early recognition of his abilities by those on whom he depends for remunerative occupation. A professional man is dependent on the general public, who are slow to find out a modest man's worth; but a brilliant man in a banking office is at an advantage here over his competitor. Every officer of such a corporation as a bank is being constantly under judgment by his superior officers, in regard to his intelligence, his capacity for work, and his merits generally, and on this judgment his salary or position is advanced or not. Any indication of unusual intelligence, or business capacity, is at once noted, and is sure of its ultimate reward.

The social position an occupation offers is a question of some importance, and the advantages which banking affords are many, and are well known. The position of a banker has always been one of social importance; indeed, standing in the position he does, of curator of his customer's money, and arbiter of credit in whatever town he may be placed, it could hardly be otherwise. "Honor and integrity" and banking are, and should be, synonymous terms, and a man to whom is entrusted both the wealth and the financial secrets of a community, with the certainty that the confidence is not misplaced, can hardly be otherwise than respected by all. A bank manager is always a leading man in any Canadian town or city, and is placed on an equal footing, socially, with those who have been successful in life in other pursuits. The sterling qualities requisite for obtaining and holding such an office are well known, and find ready recognition.

But it is not only the bank manager whose social lot falls in pleasant places. His officers also enjoy advantages which do not always come to their compeers in other professions. In a country like Canada, which is possessed of no hereditary leisure class, bank clerks are of considerable social importance—at any rate in the smaller places. Holding a position which is universally recognized as that of a gentleman, and being placed among young men of his own age and class, who are already

well known, the bank clerk has no difficulty in obtaining social recognition, on being moved to a strange town. In this respect he is far more fortunate than a young man in a mercantile situation, and the society he commands is always the best a town affords. Of course, social advantages are not by any means insisted on as a necessity to a successful career, but at the same time every young man has a certain amount of leisure, even if he devote part of it to self-improvement, and the class of people he mingles with have more or less effect in moulding his character, and shaping his after life.

In connection with this is the additional advantage a clerk has in a large bank, in being moved from one branch to another, thereby not only becoming familiar with different towns and cities, but also enlarging his circle of friends, and broadening his mind by contact with different classes of people.

In concluding, a few words of advice to the aspirant for banking honours will not be out of place. The profession of banking is considered the highest form of business life, and in fact it has been dignified by the title of a science. Banking is, we may point out, one of the most potent factors of modern civilization—the very backbone of commerce—and if a young man desires, among other things, to be serving in a useful profession, one which is a help to his fellow-men, and to the commercial advancement of his country, he can seldom do so better than in a banking career. The aid that banking furnishes to commerce and trade generally can scarcely be estimated, but it is safe to say that they could hardly exist were they deprived of it. It fosters the growth of the smaller institutions by judicious loans; extends credit, furnishes the circulating medium of the country, facilitates the collection of accounts in all parts of the world, and, in short, is the tie that binds the whole fabric of trade together.

It is needless to say that an occupation by itself, no matter how desirable, cannot make a successful man. It is the man who makes a successful career by means of his occupation. Having already shown the possibilities of the field which banking offers, we may now point out the qualities necessary to be practised in order to bring them to pass. Gilbart, the great English authority, in his "Treatise on Practical Banking,"

enumerates them as follows: "To be a good banker requires "some intellectual and some moral qualifications. A banker "need not be a man of talent, but he should be a man of wis- "dom. Talent, in the sense in which the word is ordinarily "used, implies a strong development of some one faculty of the "mind. Wisdom implies the due proportion of all the faculties. "A banker need not be a poet or a philosopher, a man of science "or of literature, an orator or a statesman. He need not possess "any one remarkable quality by which he is distinguished from "the rest of mankind. He will possibly be a better banker "without any of these distinctions. It is only necessary that "he should possess a large portion of that practical quality "which is called common sense. Banking talent (using the "word here in the sense of adaptation of character to any par- "ticular pursuit) consists more in the union of a number of "qualities, not in themselves individually of a striking character, "but rare only in their combination in the same person." Gilbart was himself a very happy illustration of his own words, and no better person could be chosen as a model than that well-known banker.

Another writer's definition of the necessary qualities is this: "In addition to ordinary working qualities, this business man of "the highest class requires sound discretion, quick perception, "and firmness in the execution of his plans. Business tact is "also important; and though this is largely the gift of nature, "it is yet capable of being cultivated and developed by observa- "tion and experience. Men of this quality are quick to see the "right mode of action, and if they have decision of purpose, are "prompt to carry out their undertakings to a successful issue."

As the last mentioned writer intimates concerning tact, all these qualities are to a certain extent the gift of nature, but the cultivation of them is the very chance for an earnest, hard-working, and ambitious young man to succeed. It is never accident which helps a man in the world, but purpose and persistent energy, and those who are the most persistent, and work in the truest spirit, will invariably be the most successful. One of the faults to be most guarded against is a lack of purpose in life: a tendency to drift with the tide, taking things as they come, and getting the most pleasure possible out of each day, without

taking into account the sterner realities of life. It must never be forgotten that the great prizes of life can only be won by effort, a rule which holds good in banking, as in other occupations.

Another most important aid to success is the study of the theory of banking, a subject on which, unfortunately, there seems to be very little written, in comparison with its importance. Of course, banking is a science which could not well be taught in college, and a purely theoretical man would be a dangerous one to place in charge of a branch, but a judicious admixture of theory and the practical experience of every-day work should turn out very nearly the ideal banker.

One more important, and even indepensable, factor in making a success of banking is attention to matters of detail, what is ordinarily called routine, and sometimes "Red Tape." "Accuracy, discipline, punctuality, method, organization—all "are routine. No doubt a blind, stupid routine causes a hin- "drance to business, but a wise routine greatly facilitates it, "while it is the only check on the rashness or incapacity of "individuals, where the business of large corporations has to "be conducted." This care in matters of routine always marks the successful clerk, as contrasted with the one who is left behind when the question of promotion or increases comes up. "Men who are slow in their work, or inaccurate, or careless; "men who cannot be depended upon; men who always want "watching to see that they do no mischief; such as these are "always marked, and cannot expect to be entrusted with any "responsibility, or have their salaries increased. And any indi- "cation of unusual intelligence, capacity for business, under- "standing the business of banking generally, ... "all these characteristics are marked and are sure in due time "to bring about desired promotion. It must be borne in mind, "however, by any officer who is conscious of possessing abilities "of this kind, that there may be others equally meritorious, so "that if a position is vacant, others may have a better claim to "it than himself. But his time will surely come."

Such is the field for work and the means and chances for success. Taking everything into consideration, it is hard to find a pleasanter occupation, giving such an assured position, and promise of a satisfactory career.

QUESTIONS ON POINTS OF PRACTICAL INTEREST

FORM FOR QUESTIONS

The Editing Committee

Journal of the Canadian Bankers' Association, Toronto.

Please give your opinion on the following point $\frac{\text{by mail*}}{\text{in the next issue of the Journal}}$

Question : .....

.....

.....

.....

.....

If the question does not call for an answer by mail, the enquirer's name need not be given if he so prefers.

*If answer is desired by mail, stamp should be enclosed.

QUESTIONS ON POINTS OF PRACTICAL INTEREST

THE Editing Committee are prepared to reply through this column to enquiries of Associates or subscribers from time to time on matters of law or banking practice, under the advice of Counsel where the law is not clearly established.

In order to make this service of additional value, the Committee will reply direct by letter where an opinion is desired promptly, in which case stamp should be enclosed.

The questions received since the last issue of the JOURNAL are appended, together with the answers of the Committee:

Identification of the payee of a cheque

QUESTION 181.—1. Must a bank on which a cheque is drawn get the payee, if a stranger, identified?

2. What is the custom of banks in Toronto on this point?

3. Does not the English law hold good in Canada, namely, that a bank is protected if the cheque purports to be endorsed by the person to whom it is payable?

ANSWER.—1. The bank must satisfy itself as to the identity of each payee of a cheque to "order" paid over the counter, or pay the cheque at its own risk.

2. It is, we believe, the practice of the banks in Toronto to require identification as a rule; no doubt exceptions are sometimes made when the amount is small, but such exceptions are at the risk of the bank.

3. Banks in England are protected under section 60 of the English Bills of Exchange Act, which is not in the Canadian Act.

The position of banks in Canada in this matter is fully discussed in the reply to question 43.

Note with joint and several promissors, one being in reality a surety, held overdue

QUESTION 182.—B and C are joint and several promissors on a note held by A, it being known that C is in fact a surety, B being the real debtor. The note matures, and A accepts a

year's interest in advance, and holds the note overdue. This is repeated until it has been held for four years in all. By this time B is insolvent, and the debt cannot be recovered from him.

1. Should the note have been protested to hold C?

2. Is C discharged by reason of the note being held four years?

ANSWER.—1. C is liable on the note without protest.

2. From the circumstances mentioned we should think that C is not discharged as surety. C would be released if A, at the time of any interest payment, made a binding agreement with B to extend the time of payment for a year; and the acceptance of the year's interest in advance would certainly strengthen a claim made by B, that the holder had so bound himself that he could not sue till the year was out.

Note made by a firm and guaranteed, or endorsed, by the individual partners, or vice versa

QUESTION 183.—A bank has discounted for a firm a note made by the individual partners and endorsed by the firm. The firm and the individual partners subsequently make assignments under the Ontario Statute in that behalf.

1. Will the bank's claims rank on the separate estate of the partners in preference to the other creditors of the firm holding the firm's name only?

2. Would the position be the same if the bank held the firm's note guaranteed by the individual partners?

ANSWER.—1. Yes. 2. The same results would follow in this case.

Acceptance payable "with exchange"—Refusal of acceptor to pay exchange

QUESTION 184.—A draft for "$100 and exchange," with a "no protest" slip attached to it, is sent to a bank in Halifax for collection, and is accepted. At maturity the acceptor refuses to pay more than $100, which the bank takes as a payment on account, endorses the same on the draft, and returns it to the owner. Has the collecting bank the right to accept a payment on account, or should it return the bill unpaid?

ANSWER.—The course adopted was the proper one. The collecting bank may refuse to accept anything other than the full amount of the item, in this case $100, plus the current rate of exchange, but it may accept partial payment, and in such a case as this, consideration for the interests of the owner of the draft would seem to require the acceptance of the partial payment.

Sterling draft on London, enfaced payable at a Bank in San Francisco

QUESTION 185.—If a bill is drawn in sterling from Dunedin, N.Z., on London, England, and enfaced payable at the Bank of —— in San Francisco, does the San Francisco bank then become the drawee of the bill, and can the bill be protested for non-payment in San Francisco? Would your answer apply equally to a draft drawn from Montreal on Toronto, and enfaced payable in Hamilton, where there is no conversion of sterling into dollars?

ANSWER.—If by the phrase "enfaced payable at a bank in San Francisco" is intended such a crossing as is commonly used in Canada, it is in effect only a request that the San Francisco bank will negotiate the draft, which we would not consider an integral part of the instrument. That being the case the bill is not payable at the office of the San Francisco bank, and is not dishonoured if they will not comply with the request.

A draft drawn in Montreal on a Bank in Toronto, crossed with the request that some other bank will pay it in Hamilton, is not, in our opinion, thereby made payable at the latter point. If the request is not complied with the only result that would follow, so far as we can see, would be that the purchaser might have a claim for damages against the drawer, for failure of an implied understanding that the draft would be paid to him in Hamilton.

It is the custom in Canada to permit certain large financial institutions to place a memorandum on their cheque forms to the following effect: "This cheque is negotiable (or payable) at par at any office of the Bank in Canada."

It has long since been settled that encashment of such a cheque by a branch of the bank other than that on which it is drawn, is only a negotiation of it, and we should suppose the "enfacement" to which you refer to be of the same character.

There are occasional cases here where a cheque drawn by a customer is marked "good" by the drawee bank, and crossed *by it* with instructions to another branch of the bank to pay the same. This we should regard as a domiciliation by the acceptor of the cheque, and it would probably be dishonoured if not paid in accordance with such instructions.

Cheque payable to "self," with words "or bearer" scored out

QUESTION 186.—A cheque is drawn by John Smith payable to "self," the word "bearer" being scored out; in other respects the cheque is in accordance with the common form. Is it legally payable to order?

ANSWER.—Such a cheque must be regarded as payable to John Smith (the drawer), or order. (Bills of Exchange Act, Sec. 8, sub. sec. 4).

Notice of customer's death

QUESTION 187.—Re Sec. 74, Bills of Exchange Act, (1) What constitutes notice of a customer's death? (2) Would a bank be justified in refusing payment on the strength of one of its officers having heard of a customer's death?

ANSWER.—1. Any information received by the bank from which the death of the customer may be fairly inferred, must be held to constitute notice of his death.

2. Generally speaking, any information received by an officer of the bank which is within the above conditions would not only justify the refusal of the cheque, but would put on the bank the burden of paying the cheque, if paid, at its own peril; *i. e.*, if it should prove that the information was correct the bank would not have the right to charge the cheque to the customer's account. The risk involved in this is fully stated in the JOURNAL for October, 1898, in reply to Question 158.

Whether information which has reached *any* officer of the bank is to be regarded as knowledge on the part of the bank would depend somewhat on the circumstances, the position of the officer, &c.

Cheque in payment of goods accepted by secretary of a patron organization, payable to himself personally, and negotiated with a bank—Cheque dishonoured—Rights of holder

QUESTION 188.—John Smith having been appointed Secretary and Treasurer by the patrons of a cheese factory, engages to manage the business, make the cheese, and sell the same, for a remuneration of so much per lb. He makes a sale of cheese, receives an unmarked cheque for the same payable to himself personally, endorses the cheque (in his own name alone), and negotiates it with a bank. The cheque is returned dishonoured.

Can the holder recover from the patrons, Smith being their paid agent and the cheque really their property?

ANSWER.—The questions involved here are chiefly questions of fact. If the relations between John Smith and the bank were such that the latter could successfully set up that they were dealing with him as agent for the patrons, they could no doubt look to the latter to make good the agent's liability.

If, however, he was only authorized as agent to sell for them for cash, and not on credit, it could scarcely be said that

the unmarked cheque was taken under their authority, and it would probably prove that John Smith took the cheque at his own risk, and that he alone is responsible to the bank, as endorser, for its non-payment.

On the state of facts indicated by the question we should say that the bank would have great difficulty in establishing any claim on the patrons, but a definite opinion could not be expressed without hearing both sides of the case fully.

Bill payable "——— months and a half after date"

QUESTION 189.—Would "—— *months and a half after date*" be a good bill?

ANSWER.—There have been no judicial decisions as to the effect of an order for the payment of money at "—— months and a half" after date or sight, and we find it somewhat difficult to form an opinion in the matter. Should a case come before the Courts they might decide that a half month should be taken to mean some arbitrary period, such as 14 days. We think, however, that each case would have to be judged on its own merits, and that if the half month which the document covered was determinable, it would be a bill of exchange; but if not, then it would not be a bill of exchange one of the essential features of which is that it is payable at a "fixed future time."

As an example take a bill dated 10th January payable three and one-half months after date. This, we think, would be due on 25th April, 15 days being clearly one-half of the month of April. If the bill were dated 25th January it would be impossible to say what the half month would be.

Amount of a bill expressed in figures and not in words

QUESTION 190.—Would a bill be invalid because the amount in the body is expressed in figures, instead of words?

ANSWER.—We do not think that a bill is invalid because the amount is expressed only in figures and not in words.

Bill accepted payable at a bank where the payee has no account

QUESTION 191.—May a bank refuse to take money with which to pay a draft held by another party, from the drawee of the same, the draft having been accepted by him payable at the bank? He has no current account with them.

ANSWER.—The bank is quite at liberty to refuse to take money from anyone not a customer with which to retire a note domiciled by him at the bank. No person can be forced to act as agent for another against his will.

Rules respecting endorsements—Endorsement by limited companies

QUESTION 192.—Items are frequently deposited bearing the stamped endorsement of limited companies consisting of the company's name alone, without the name of any officer.

Our interpretation of paragraph 2 of the "Conventions and Rules" is that the name of the person, or persons, signing for a limited company must appear, whether the endorsement be stamped or written. Please say if we are right.

ANSWER.—Under the "Conventions and Rules" the name of the proper officer must appear in any endorsement, whether stamped or written.

Missing endorsement necessary to complete title

QUESTION 193.—The "A" Bank presents to the "C" Bank through the Clearing House a cheque payable to Smith & Jones, or order, and bearing the endorsement of John Smith and the presenting bank, which is paid; the want of Smith & Jones' endorsement is not discovered until some few days afterwards, when it applies to the "A" Bank to procure the correct endorsement. That bank contends that the paying bank has lost its recourse against them by not returning the item on the day it was deposited, and also because it has been cancelled, but offer to procure the endorsement as an act of courtesy. The "C" Bank contends that it has the right to demand the proper endorsement, or, failing that, repayment of the amount of cheque. Kindly favour me with your opinion.

ANSWER.—This case does not come within the rules of the Clearing House, or the rules respecting endorsements. It is a simple case of money paid to a party who has no title to receive it, under a mistake of fact, which he is bound to return on discovery of the mistake. The cancellation is not material; it can be revoked by the paying bank. This case differs from one where money is paid on an item bearing a forged or unauthorized endorsement, because the bank was not in any sense a holder of the cheque, there being a gap in the title. The Bank of Liverpool and River Plate Bank case dealt with a bill of exchange paid to a holder who had an apparently clear title, and the amendment to our Bills of Exchange Act, passed in 1897, deals with similar cases.

Clearing Houses

QUESTION 194.—1. Why have no clearing houses been established at Quebec and Ottawa?

2. Would it not be advisable to put them in operation wherever there are five banks or more?

ANSWER.—1. We think clearing houses would unquestionably be found to serve a very useful purpose at the points mentioned; but for an answer to the enquiry why they have not been established we must refer our correspondent to the local banks concerned.

2. We think that in any place where there are (say) seven banks established, a clearing house would economize time and labour greatly. They might with advantage be established where the number is less, but the economy would not be so marked, nor the gain very great. We see no difficulty in establishing them in places where settlements are not made by legal tenders. The rules of the Hamilton clearing house on the point of settlement are suited to places where balances are settled by drafts on Montreal or other central points.

Notes of a bank circulated in a district where it is not represented

QUESTION 195.—The Bank of X has a small capital and its circulation limit is frequently reached. The notes of another bank not represented in the district are paid out by it, and as a result the other banks in the neighborhood receive large amounts of these bills and are obliged to pay express charges to the nearest point of redemption.

Is not this a violation of the spirit of the Bank Act and also in some sense unfair to the public, who accept these bills in good faith, and find that they cannot exchange them for legal tenders or gold? Why should not other banks in the district refuse to receive such bills except at a discount?

ANSWER.—We think that the wrong to the public may be left out of consideration, as they take the bills voluntarily in payment of debts due them, for which they have the right to exact payment in legal tender money.

The question as to the duty of the issuing bank in such a case as this, is, however, open to discussion. We think that they might very well undertake to redeem for the time being all notes of the kind they are circulating, and it would seem clear that this could usually be done without loss. If, however, the matter could not be amicably arranged in this way, we would think

it open to serious objection for the other banks to refuse to accept the bills from their customers. The adoption of such a course, even under the stress of unfair conditions such as those mentioned, would be bound to disturb the public confidence in bank notes, a confidence that has been largely increased by the arrangements brought into effect at the last revision of the Bank Act. At the present time any person, in any part of Canada, who receives a bill issued by a Canadian bank, knows that he has something that he can use without question, and at its face value, whenever he wishes to pay a debt with it or deposit it in his bank, and it would be a serious matter to disturb this condition.

Instructions by wire to "notify and pay"—Neglect to notify—Liability

QUESTION 196.—A New York bank instructs a Halifax bank by wire as follows: "Notify and pay A $1,000." Through oversight A was not notified, and, according to his statement, lost a valuable contract through not receiving the money. Has he any claim on the Halifax bank or the N.Y. bank for the loss incurred?

ANSWER.—A clearly has no right of action against the Halifax bank. Whether he would have a claim against the New York bank, or the New York bank's customer who was sending the money, would depend altogether on the facts.

Under ordinary circumstances, and in the absence of any special arrangement or understanding, the New York bank would probably not be under any liability to the party to whom the money was to be transmitted, and, of course, the Halifax bank could not be held responsible if the New York bank was not. The question is, however, one which could only be answered with a full knowledge of all the facts.

Irregular Endorsements

QUESTION 197.—A cheque payable to Mrs. A. A. Smith or order is endorsed "B. B. Smith" and paid under a guarantee.

(1) What is the exact position of the paying bank under the guarantee?

(2) Would its position be different if the cheque had been endorsed "B. B. Brown"?

ANSWER.—(1) We think the presenting bank guarantees that "B. B. Smith" is the proper signature of Mrs. A. A.

Smith, the payee of the cheque, and that if this should turn out not to be the case they would be bound to return the amount of the cheque to the paying bank.

(2) We do not think a cheque drawn in favor of Mrs. A. A. Smith and endorsed "B. B. Brown" should be cashed even under a guarantee. If Mrs. Smith had remarried and her new name was Brown, no doubt the guarantee would have the same effect as in the first instance mentioned, but if it should prove that there is no connection between Mrs. A. A. Smith and B. B. Brown, we do not think the guarantee would affect the question at all. The presenting bank would probably be bound to return the amount of the cheque to the paying bank as money paid to them under a mistake. See reply to question 193 in this number.

Books on banking subjects

QUESTION 198.—Will you kindly publish a list of text-books on banking, currency, stock exchange transactions, commercial law, etc., which it would be advisable for bank officers to study, as if for an examination after the manner of Scotch banks? Having decided upon the particular text-books, could they be purchased cheaply through the Editing Committee?

ANSWER.—A reply to the foregoing will be found on a page at the end of the JOURNAL. The list of books there given will be supplemented later on. The discounts quoted are not large, but we may remark that nearly all legal books are expensive, and deductions are rarely made from the regular prices.

Cheque endorsed by payee—Refusal of party presenting to endorse

QUESTION 199.—A presents at the drawee bank a cheque payable to the order of B and endorsed generally by the latter, which he himself declines to endorse. Can the bank refuse payment until he does?

ANSWER.—The bank has probably no right to demand A's endorsement, but it has the same right to withhold payment until it is satisfied that the endorsement of B is in order that it would have if B, being a stranger, presented the cheque in person. See answer to question 43, Vol. IV, p. 95.

Legal

Debentures of a company covering all property, present and future—Uncalled capital not "property" in this sense.—In a recent case before the Court of Appeal, England (In re *Russian Spratts Patent, Limited. Johnson v. Russian Spratts Patent, Limited*),* it was held that where a limited company having power, under its articles of association, to borrow money on its debentures charging its property, both present and future, including its uncalled capital, issued debentures charging its undertaking "and all property to which it now has or shall at any time hereafter become entitled"—the expression "property" in the debentures did not comprehend the capital of the company uncalled at the commencement of the liquidation of the company.

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CASES REPORTED IN THE JOURNAL

Negotiability of bearer debentures.—The judgment of the Court of Queen's Bench, England, in *Bechuanaland Exploration Co. v. London Trading Bank*, reported in the October JOURNAL, is of much importance to banks in Canada. The Courts have never before, we think, had to deal with so direct an issue on the point of the negotiability of bearer debentures. The judgment, which discusses very ably indeed the difficult points involved, finds, as a matter of fact, that there is an established usage under which such securities are negotiable by delivery in effect in the same way that bills are negotiable, and this usage being established the necessary result follows that any person who in good faith and for value acquires bearer debentures from the party holding them, gets a good title thereto.

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Chattel Mortgage Security—Fraudulent Preferences.—The judgment in *Burns v. Wilson*, also reported in our October number, puts another obstacle in the way of debtors fraudu-

*The Law Reports.

lently preferring any of their creditors. It had previously been held that a chattel mortgage given for money actually advanced, although the money was to be used to pay off one creditor to the disadvantage of all the rest, was a valid security, and this decision is not now disturbed; but in *Burns v. Lewis*, where the creditor had himself lodged a bond to indemnify the chattel mortgagee in case of loss, it was held that the advance by the latter was not a *bonâ fide* payment of money within the statute, and the chattel mortgage was held to be void.

In *Webster v. Crickmore* another question arising out of the same Act was dealt with, and no one will doubt that the decision is in accordance with justice as well as law. The creditor in this case took a chattel mortgage in pursuance of an earlier agreement, but under circumstances which showed that the taking of the mortgage had been deliberately postponed in order to prevent injury to the credit of the mortgagor, and it was held that under these circumstances the agreement to give security was of no avail in rebutting the presumption of intent to prefer.

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Guarantee bond—Statute of Limitations.—The effect of the Statute of Limitations on a guarantee bond is a point which must often trouble bankers. *Parr's Banking Co. v. Yates*, reported in this number, deals with one aspect of the matter of very great importance indeed to banks. Where suit was not brought against a guarantor until more than six years had elapsed from the maturity of the last advance made to the customer, although in the meantime liquidation had been actively carried on and the account arranged from time to time by the customer in the usual way, the guarantor was held to be discharged by the Statute of Limitations as to the advances, but liable—as his guarantee was for interest as well as principal—in respect to the interest which had become due during the six years preceding the action.

LEGAL DECISIONS AFFECTING BANKERS

COURT OF APPEAL, ENGLAND

Parr's Banking Co. v. Yates*

The defendant guaranteed payment of a customer's liability to the plaintiff bank, and interest thereon, up to a certain amount. The bank ceased making advances to the customer in 1890, and in 1897 brought action against the guarantor in respect of the advances and interest then owing by the customer.

Held, that the bank's claim on the guarantor in respect to the advances was barred by the Statute of Limitations, but that interest accruing during the six years preceding the action was recoverable.

Appeal by the defendant from the judgment of Bruce, J., at the trial of action without a jury.

The action was brought by the plaintiffs, who were bankers, to recover from the defendant £1,000 upon a guarantee given by the defendant to secure the account with the plaintiffs of one McLaren, who carried on business as D. McLaren & Co.

The guarantee, which was in the form of a letter dated February 7, 1887, addressed to the plaintiffs and signed by the defendant, was in the following terms:

"In consideration of your agreeing, at my request, to come under advances or liabilities to or for D. McLaren & Co. (the guaranteed party) in account current with you, on condition that I should give this guarantee, I undertake to guarantee to you the due payment and satisfaction of all moneys and liabilities that may have been or may from time to time be owing to or incurred by you in account with the guaranteed party, with interest, commission, and other banking charges; and this shall be a continuing guarantee, and shall not be withdrawn except at the expiration of six calendar months from the day of written notice being given by me to you for that purpose; but the amount ultimately recoverable hereunder shall not exceed £1,000, with interest thereon from the day on which the same shall be demanded from me until paid; . . . and any settled or stated account by or between you and the guaranteed party, or admitted by the latter, shall from time to time be and be received in any Court and under any circumstances whatsoever as conclusive and indisputable evidence against me of the balance or amount thereby appearing due from the guaranteed party to you."

*Law Journal Reports.

The plaintiffs made advances to McLaren from time to time between February 8, 1887, and December 3, 1890, with which his account was debited, and payments were made by McLaren from time to time on account, with which his account was credited. The account was always in debit.

The account was made up in the way usual between bankers and their customers every half year, a balance being struck on June 30 and December 31 in each year. At the end of each half year the plaintiffs debited McLaren in the account with the interest upon the amounts from time to time owing by him during the half year, and also with commission, and carried forward the balance found to be due by him, to his debit at the commencement of the next half year as the amount then owing by him.

The balance due from McLaren on December 31, 1890, was £3,247 14*s.* 5*d.* No advances were made to him after December 31, 1890, the only items placed to his debit in the account after that date being interest, commission, and small bank charges, with which he was debited in the usual way at the end of each half year.

Payments continued to be made by McLaren on account down to March, 1897, which ultimately reduced the balance against him to £1,979 1*s.* 6*d.* on June 30, 1897.

The action was commenced on September 3, 1897.

The bank claimed £1,000, the limit of the guarantee, in respect of the balance of account owing by McLaren.

Bruce, J., gave judgment for the plaintiffs for the amount of the claim.

The defendant appealed.

A. L. SMITH, L.J.—This is an appeal from a judgment of Mr. JUSTICE BRUCE in favour of the plaintiffs, who are bankers, for a sum of £1,000, fixed by a guarantee given to them by the defendant in respect of advances which were to be made from time to time by the plaintiffs to a customer.

The guarantee in question, which was given on February 7, 1887, was to be a continuing guarantee of the account of McLaren, the customer, with the plaintiffs. After the year 1890 no further advances were made to the customer by the bank, but the account continued to be charged with interest and commission as against him; and as and when he made pay-

ments on account of the balance due by him, these payments were credited against the general account. Things so went on until April, 1897, when McLaren disappeared, and the bank took proceedings against the guarantor, the defendant. His defence is that the claim of the bank as against him is barred by the Statute of Limitations. I am of opinion, upon the true construction of the guarantee, that as regards principal sums advanced this is so, and that inasmuch as the advances by the bank were all prior to December, 1890—that is prior to six years before action brought, when a cause of action as to this arose—and there have been none since that date, the claim of the bank as regards those advances is barred by the statute. But this does not dispose of the whole of the plaintiff's claim, because the guarantee was given not only in respect of advances, but also in respect of "interest, commission, and other banking charges." It seems to me that inasmuch as interest, commission and other banking charges have accrued due within six years before action brought, and inasmuch as the defendant has guaranteed the payment of this interest, commission and other banking charges just as much as the principal advances, the plaintiffs are entitled to recover all such interest, commission and other banking charges as accrued within six years before the commencement of the action. I think that the rule relied upon as to the appropriation of payments on account to interest before principal does not apply to a banker's account such as this, where the balance is made up from time to time, and the interest is carried to capital every time the account is made up. For these reasons I think that the judgment of Mr. Justice Bruce must be varied, and that judgment must be entered for the plaintiffs for the amount of the interest, commission, and bank charges which have accrued due within six years before action commenced.

RIGBY, L.J.—As to the question of the application of the Statute of Limitations to the principal sums advanced, I have nothing to add to what has already been said. It seems to me that on December 31, 1890, the bank had then a right of action against the guarantor in respect of all principal sums advanced up to that date. Those items in account were then due, and the bank's right of action against the guarantor in respect of them had then accrued, and consequently accrued more than six years before the writ in the action. In the absence of any authority to support it, I cannot assent to the contention put forward on behalf of the bank that, upon the true construction of the guarantee, the guarantor was liable for all sums due from the principal debtor as and so long as the principal debtor remained liable for those sums. The effect of that construction would be that so long as the principal debtor owed any balance to the

bank the guarantor could not take the benefit of the Statute of Limitations. I do not think that the use of the word "continuing," as applied to the guarantee, involves that. The effect of that word is only to extend the guarantee beyond the first advance by the bank to any subsequent advances they may from time to time make to the customer so long as the guarantee continues—that is, until it is determined by notice.

As regards the interest, I have had some difficulty by reason of the peculiar language of the guarantee. I have, however, come to the conclusion that, upon the true construction of the guarantee, interest was intended to be guaranteed on the same footing as principal. The words "all moneys owing with interest" do not mean that the guarantor is liable in respect of interest as accessory merely to the claim for the principal advances on the guarantee, but the true meaning is that the guarantor guarantees the payment of all sums owing on the account, whether they are due for principal or for interest, and consequently, as regards any interest which shall be found to have accrued due within six years before the commencement of the action, the claim of the bank is not barred by the Statute of Limitations.

Then, as to the appropriation of payments. No doubt, generally speaking, payments made on account are first applied to paying off the interest, because to apply them to the payment of the principal would deprive the creditor of part of the benefit of his bargain. But this rule cannot apply to an account such as the present, which is kept in the way usual as between banker and customer, and so far usual that the customer and his guarantor must be taken to have assented to it. Here the balance was made up every half year, the interest added, and a balance struck, the balance being carried forward as principal to the beginning of the next half year's account. The interest is every half year converted into principal, and the bankers cannot afterwards search out how much of the amount owing by the customer is owing for principal and how much for interest. The parties must be assumed to have understood that the account would be kept on the usual footing of treating the amounts from time to time paid in on account as deductions from the general amount then owing, whether for principal or interest.

VAUGHAN WILLIAMS, L.J.—I agree. The bank's cause of action as regards each item of account arose, and the Statute of Limitations thereupon began to run, as each particular item, whether of advance, interest, or otherwise, became due. The right to sue in respect of the particular item arose on the day on which the item became due. I agree, therefore, that as regards the principal advances, the claim of the

plaintiffs is barred by the statute. I also think that the interest is like any other item in the account, and that the guarantor continues liable, and cannot get rid of his liability, notwithstanding that his liability as guarantor in respect of items of principal advances may have ceased. I also agree that the rule that payments on account are first to be applied to the payment of interest as distinguished from principal does not apply in the case of a banker's account like the present, because there the interest is from time to time added to the principal and becomes part of it. The judgment, therefore, of the learned Judge in the Court below must be set aside, and judgment entered for the plaintiffs for such amount of interest, not exceeding £1,000, as upon enquiry shall be found to have accrued due within six years before action brought.

Judgment varied accordingly.

Court of Appeal, England

New London Credit Syndicate v. Neale*

Evidence of a contemporaneous oral agreement to renew a bill of exchange is inadmissible in an action upon the bill.

Appeal from the judgment of Darling, J., at the trial of the action without a jury.

The action was brought by the plaintiffs, the holders of a bill of exchange for £110, dated August 12, 1897, payable three months after date, drawn by Allen & Sons upon and accepted by the defendant. The bill was endorsed to the plaintiffs by Allen & Sons, the drawers, for value.

It appeared that the bill of exchange had been given by the defendant to Allen & Sons in respect of a claim by them against a company of which the defendant was chairman, and at the trial evidence was given that at the time the bill was handed to Allen & Sons by the defendant, Allen & Sons agreed to renew it if the defendant had any trouble about meeting it at maturity.

It was admitted on behalf of the plaintiffs that they had notice of the circumstances under which the bill was given, and they did not claim to stand in any better position than

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*Law Journal Reports, Sept., 1898.

Allen & Sons, the drawers; but it was contended that evidence as to the contemporaneous oral agreement to renew the bill was inadmissible.

Darling, J., was of opinion that the bill had been negotiated in breach of faith within the meaning of section 29, subsec. 2, of the Bills of Exchange Act, 1882, and gave judgment for the defendant.

The plaintiffs appealed.

A. L. SMITH, L.J.—In this case the action was brought upon a bill of exchange at three months by the endorsees of the bill against the acceptor. It is, however, conceded on the part of the plaintiffs that they may be assumed to have had notice of the circumstances under which the bill was given, so that they are to be taken to be in no better position than the drawers of the bill would have been in if the action had been brought by them. We may therefore treat the case as if it were an action by the drawers of the bill against the acceptor. Now it is alleged on behalf of the acceptor that at the time he accepted the bill there was a conversation between himself and the drawers as to the renewal of the bill in case he should have any difficulty about meeting it at maturity, and that the drawers undertook to renew the bill if necessary; and it is contended that the effect of this was that the drawers promised that they would not part with the bill during the three months, at the expiration of which the bill was made payable, and would renew it, if need be, at the end of that time. That is to say, the acceptor sets up a parol contract, entered into by the drawers at the time the bill was given, to renew it if requested, and not to part with it in the meantime. The first question, therefore, is whether evidence of that parol agreement can be given as against the written document by which the acceptor agreed to pay the amount of the bill at the end of three months from its date. I am of opinion that the evidence is not admissible. The agreement sought to be given in evidence was not an agreement that the document should be a mere escrow—in other words, that it was not to be a bill of exchange at all. The document, when it was handed by the acceptor to the drawers, was handed to the drawers as, and was intended to be, a bill of exchange. All that it is alleged was agreed was that the bill should be renewed at maturity. The law on this subject is clearly stated by Mr. Justice Willes in *Abrey v. Crux*. It is there stated as being settled by *Hoare v. Graham*, *Foster v. Jolly*, and *Young v. Austen*, that the parties are not entitled to contradict by parol evidence a written contract which is as complete at the time it is entered into as it ever is intended to be. It is said, however, that this is not the

law now, because the law is now embodied in the Bills of Exchange Act. But the Bills of Exchange Act has not altered the law of evidence that parties cannot by parol evidence contradict the written contract into which they have entered. Here the written contract by the defendant was to pay the amount of the bill at the expiration of three months from its date, and he now seeks to contradict that by parol evidence to show that he was not to pay until the expiration of some extended period.

But then it was said that the bill was negotiated in breach of faith within the meaning of section 29, sub-section 2, of the Bills of Exchange Act. I agree that if the plaintiffs were asserting (which they are not), that they were holders in due course, so that the section applied here, and it was shown that the bill was negotiated in breach of faith, the title of the plaintiffs might be defective. But, assuming all that, how can it be shown in the present case that the bill was negotiated in breach of faith? The evidence on which the defendant relies is inadmissible, because it is evidence of a parol agreement which contradicts the written agreement between the parties. The appeal must be allowed.

RIGBY, L.J.—I am of the same opinion. It is a very wholesome rule that where parties have put the agreement between them into writing, parol evidence is not admissible to vary, contradict, or add to the terms of the written agreement. That rule does not apply where the question raised is whether the written document was intended to be a contract at all, or was made subject to a condition. In my opinion the present case fully justifies the general rule of law applicable here.

VAUGHAN WILLIAMS, L.J.—I agree. A convenient test of whether parol evidence was admissible where there had been a written document was under the old law afforded by enquiring whether the parol evidence might have been properly given under a plea of *non est factum*. If what the party who was seeking to give the parol evidence was really setting up was that though he had in fact signed the written document he had never executed it so as to be an effective contract at all, there the oral evidence was admissible. Otherwise it was not.

Appeal allowed.

HIGH COURT OF JUSTICE, ONTARIO

Cunnington v. Peterson et al*

In an action on a promissory note against several parties as makers it appeared that the name of one of the alleged makers was not signed by him or with his authority, but was added to the note after some and before others of the makers had signed it before the note came to the hands of the plaintiff, a holder for value:

***Held*, that the plaintiff being the holder of the note in due course and the alteration not being apparent, he could avail himself of it as if it had not been altered, under the proviso to sec. 63 of the Bills of Exchange Act, 1890, 58 Vict. ch. 33 (D.).**

This was an appeal from the County Court of the county of Waterloo in an action on a promissory note.

It appeared that the name of one Nicholaus Dietrich, which was on the note as one of the makers, was not signed by him or with his authority and that it had been signed before the note came to the hands of the plaintiff, a holder for value. It was contended that the addition of his name after the note had been signed by others of the makers was such a material alteration as invalidated it.

The County Judge dismissed the action as against Dietrich, but gave judgment in favour of the plaintiff against the other defendants.

From this judgment those defendants appealed and the appeal was argued on March 10, 1898, before a Divisional Court composed of ARMOUR, C.J., FALCONBRIDGE and STREET, JJ.

The judgment of the Court was delivered by

ARMOUR, C.J.: The note, a joint and several one, sued upon in this action purported to have been made by all the defendants payable to Dygert Brothers and by Dygert Brothers endorsed to the plaintiff, who became "the holder thereof in due course" within the meaning of the Bills of Exchange Act, 1890.

The defendants Good and Hahn apparently did not defend the action; the defendant Nicholaus Dietrich denied that he made the note, and the other defendants set up amongst other things that R. J. Dygert, one of the firm of Dygert Brothers, materially changed and altered the said note by forging the name of the defendant Nicholaus Dietrich thereto, and the same was thereby avoided.

The plaintiff did not at the trial attempt to prove the

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* *The Ontario Reports.*

signature of the defendant Nicholaus Dietrich to the note, and was at the close of his case non-suited as to the defendant, Nicholaus Dietrich, and thereupon the defendant Nicholaus Dietrich was called as a witness on behalf of the other defendants and denied that he signed the note and that he ever authorized any one to sign it for him.

There was no evidence that, as alleged, R. J. Dygert forged his name, nor as to how his name came to be signed to the note, nor when, but it clearly appeared that it was signed to the note when the plaintiff became the holder of it.

If the name of the defendant, Nicholaus Dietrich, was signed to the note neither by him nor by his authority, the question arises whether the plaintiff can recover against the other makers of the note, and this was the only question argued before us.

This case differs from the case of *Reid v. Humphrey* (1881), 6 A. R. 403, for there the name of the payee, David Pickle, was added as a maker after the note had been completed and issued, and the inference was, if the evidence of Pickle was believed, that his name was added by the holder, or while in the custody of the holder; while in this case the name of the defendant, Nicholaus Dietrich, was signed to the note during the completion of it, after five of the defendants had signed it and before other two of the defendants had signed and before it was issued, and it is clear that the holder, the plaintiff, did not sign it, and I do not think it fair from the evidence to conclude that either of the payees did it, and the inference I draw from the evidence is that if the defendant, Nicholaus Dietrich, neither signed it nor authorized the signing of it, some person signed it, not with intent to defraud, but believing that he had the authority to sign it for the defendant, Nicholaus Dietrich.

Under these circumstances it may admit of considerable doubt whether this was a material alteration which avoided the note, or whether it was an alteration at all.

But it is unnecessary for us to determine whether this was an alteration of the note sued on or not, or whether or not it was a material alteration of the note, for we are of the opinion that the plaintiff, being the holder of the note in due course and the alteration not being apparent, may avail himself of it as if it had not been altered, under the proviso to sec. 63 of the Bills of Exchange Act, 1890.

It was contended that this proviso did not include an alteration by the addition of a name as maker to a note, but this proviso was passed for the protection of holders in due course, and we cannot so restrict the generality of its terms.

In *Leeds and County Bank v. Walker* (1883), 11 Q.B.D. 84, Denman, J., in commenting on this proviso, at p. 90, said:

"By the word 'apparent' I do not think it is meant that the holder only should not have had the means of detecting the alteration. If the party sought to be bound can at once discern by some incongruity on the face of the note, and point out to the holder that it is not what it was, that is to say, that it has been materially and fraudulently altered, I think the alteration is an apparent one, even if it is not an obvious one to all mankind."

But this was not necessary to the decision of the case and would do away altogether with the benefit to the holder in due course designed by the proviso, and was not followed in the much litigated case of *Scholfield v. The Earl of Londesborough*.

The appeal must be dismissed with costs.

High Court of Justice, Ontario

Glanville v. Strachan et al*

The provision of section 20 of the Assignments Act, R.S.O. ch. 147, that "every creditor in his proof of claim shall state whether he holds any security for his claim or any part thereof, and if such security is on the estate of the debtor, or on the estate of a third party for whom such debtor is only secondarily liable, he shall put a specified value thereon," means that if, as between the debtor and the third party, the latter is primarily liable, and the debtor only secondarily liable, the creditor must put a specified value upon his security.

The substance, not the form, of the transaction is to be looked at, to ascertain whether the third party is primarily liable; and if it be found that he is, the debtor is then only secondarily liable.

The facts in this case, briefly stated, are as follows:

In 1889 Frances E. Berkinshaw obtained a conveyance of certain lands subject to a mortgage which had been assigned to Margaret A. Strachan. The mortgage matured in December, 1892, when an agreement was entered into between Frances E. Berkinshaw and her husband and Margaret A. Strachan by which, in consideration of an extension of time for payment till 1897, the former agreed to indemnify the latter for all loss she might incur by reason of default in payment of the mortgage moneys.

William H. Berkinshaw, the husband, having become insolvent, made an assignment for the benefit of his creditors under R.S.O. ch. 147, to the plaintiff, as trustee for creditors. The defendants, executrices of the estate of Margaret A. Strachan,

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* *The Ontario Reports.*

filed with the plaintiff a claim for the amount of the mortgage indebtedness, claiming the right to rank on the estate for the full amount of such indebtedness.

The defendants asserted that, as between Frances E. Berkinshaw and William H. Berkinshaw, on the one part, and themselves, on the other part, both the former were directly and primarily liable for the indebtedness; but the plaintiff contended that the security held by the defendants was a security on the estate of Frances E. Berkinshaw, for whom William H. Berkinshaw was only secondarily liable within the meaning of sec. 20 (4) of the Act respecting Assignments and Preferences by Insolvent Persons, R.S.O. ch. 147.

The question submitted to the Court by the parties was whether the defendants were or were not obliged, in ranking upon the estate, to value their security.

ARMOUR, C.J.: In my opinion, the defendants are obliged, in ranking upon the estate of the insolvent, to put a specified value upon their security, both according to the very words of the statute and to the reason and object of it.

The provision is that "every creditor in his proof of claim shall state whether he holds any security for his claim, or any part thereof; and if such security is on the estate of the debtor, or on the estate of a third party for whom such debtor is only secondarily liable, he shall put a specified value thereon," etc.

This clearly means that if, as between the debtor and the third party, the third party is primarily liable and the debtor only secondarily liable, the creditor must put a specified value upon his security.

It matters not if, according to the form of the transaction, the debtor and the third party are both apparently primarily liable to the creditor; if, as between themselves, the third party is primarily liable, and the debtor only secondarily liable, the creditor must put a specified value upon his security, for in such case the third party is the party "for whom the debtor is only secondarily liable."

The form of the transaction is not to be looked at, but the substance of it, in order to ascertain whether the third party is the party primarily liable for the claim, and if it be found that he is, the debtor is then only secondarily liable for the claim, within the meaning of the provision.

The reason and object of the provision was to prevent the estate of a debtor being burdened by the claims for which the debtor was only secondarily liable, to a greater extent than was necessary for the protection of the creditor, and to augment his estate as much as possible.

UNREVISED FOREIGN TRADE RETURNS, CANADA

(000 omitted)

IMPORTS

Quarter ending 30th September—	1897		1898	
Free	$12,853		$16,531	
Dutiable	17,764		24,549	
	$30,617		$41,080	
Bullion and Coin	2,372	$32,989	3,110	$44,190
Month of October—				
Free	$ 4,341		$ 4,805	
Dutiable	5,646		6,426	
	$9,987		11,231	
Bullion and Coin	74	$10,061	498	11,729
Total for four months		$43,050		$55,919

EXPORTS

Quarter ending 30th September—				
Products of the mine	$ 3,586		$ 2,980	
" Fisheries	2,411		2,384	
" Forest	13,409		12,767	
Animals and their produce	14,500		12,068	
Agricultural produce	5,718		4,076	
Manufactures	2,573		2,600	
Miscellaneous	27		49	
	$42,226		$36,925	
Bullion and Coin	252	$42,478	373	$37,298
Month of October—				
Products of the mine	$ 1,343		$ 1,413	
" Fisheries	2,253		1,917	
" Forest	2,485		3,399	
Animals and their produce	6,098		5,959	
Agricultural produce	3,471		2,372	
Manufactures	853		820	
Miscellaneous	19		18	
	$16,523		$15,899	
Bullion and Coin	170	$16,693	1,454	$17,353
Total for four months		$59,171		$54,651

SUMMARY (in dollars)

For four months	1897	1898
Total exports other than bullion and coin	$ 57,749,000	$ 52,311,000
Total imports other than bullion and coin	40,604,000	52,824,000
Excess	*Exp.* $17,145,000	*Imp.* $ 513,000
Net imports of bullion and coin	2,024,000	1,781,000

STATEMENT OF BANKS acting under Dominion Government charter for the months of September, October and November, 1898, and comparison with November, 1897:

LIABILITIES

	30th Sept., 1898	31st Oct., 1898	30th Nov., 1898	30th Nov., 1897
Capital authorized	$76,258,684	$ 76,508,684	$ 76,508,684	$ 73,258,684
Capital paid up	62,900,034	63,051,104	63,170,293	62,288,636
Reserve Fund	27,555,666	27,619,464	27,694,310	27,283,999
Notes in circulation	$ 40,071,143	$ 42,543,446	42,350,948	$ 40,143,878
Dominion and Provincial Government deposits	6,056,461	4,891,175	4,967,694	6,232,184
Public deposits on demand	87,214,909	87,352,116	89,468,722	80,402,878
Public deposits after notice	151,358,795	152,005,027	156,534,264	139,528,801
Bank loans or deposits from other banks secured	50,740	.....	.....	11,000
Bank loans or deposits from other banks unsecured	3,555,058	3,714,488	3,605,693	3,581,511
Due other banks in Canada in daily exchanges	160,707	130,803	98,209	124,208
Due other banks in foreign countries	509,277	350,357	1,450,174	305,737
Due other banks in Great Britain	2,346,813	2,224,422	2,248,728	575,030
Other liabilities	551,900	449,112	985,376	997,621
Total liabilities	291,875,914	293,661,023	301,709,875	$271,902,920

ASSETS

Specie	$9,679,185	$ 9,277,098	$ 9,086,993	$ 8,757,736
Dominion notes	17,806,324	16,601,509	17,326,092	17,437,778
Deposits to secure note circulation	1,983,983	1,984,523	1,989,523	1,883,067
Notes and cheques of other banks	10,959,823	10,948,128	10,865,445	9,526,045
Loans to other banks secured	150,000	.....	.....	11,000
Deposits made with other banks	4,549,552	4,773,428	4,432,289	4,914,564
Due from other banks in Canada in daily exchanges	189,066	192,471	198,814	192,422
Due from other banks in foreign countries	22,169,025	23,353,645	23,929,718	28,410,443
Due from other banks in Great Britain	12 272,730	13,085 537	14,287,430	16,579,039
Dominion Government debentures or stock	4,899,211	4,980,870	5,070,283	3,662,532
Public municipal and railway securities	34,682,053	34,188,523	34,382,101	29,778,402
Call loans on bonds and stocks	23,745,140	23,972,295	24,963,993	18,930,378
Current loans and discounts	222,361,523	224,928,415	229,261,061	205,723,909
Loans to Dominion and Provincial Governments	1,648,952	2,275,775	2 291,163	1,470,955
Overdue debts	3,406,913	2,525,641	2,438,170	3,391,838
Real estate	2,078,746	1,996,344	1,951,674	2,045,435
Mortgages on real estate sold	566,130	588,895	594,895	580,863
Bank premises	5,872,466	5,876,765	5,895,464	5,696,742
Other assets	2,980,995	2,469,396	2,818,046	2,139,633
Total assets	382,002,015	384,019,461	391,783,455	$361,132,969
Loans to directors or their firms	7,372,172	7,573,333	7,663,040	$7,562,652
Average amount of specie held during the month	9,662,828	9,584,441	9,152,211	8,729,054
Average Dominion notes held during the month	17,028,281	16,496,892	16,795,045	17,033 825
Greatest amount of notes in circulation during month	40,796,003	42,873,369	44,024,625	42,303,141

Monthly Totals of Bank Clearings at the cities of Montreal, Toronto, Halifax, Hamilton, Winnipeg and St. John

(000 omitted)

	Montreal		Toronto		Halifax		Hamilton		Winnipeg		St. John	
	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8	1896-7	1897-8
	$	$	$	$	$	$	$	$	$	$	$	$
December	51,033	56,509	33,146	35,986	5,547	5,386	3,051	3,094	7,736	9,784	2,566	2,738
January ..	43,577	60,334	31,117	37,836	5,135	5,009	2,863	3,028	5,009	6,347	2,200	2,417
February .	38,480	62,332	24,592	33,414	4,208	4,446	2,591	2,663	3,851	5,517	2,016	2,022
March ...	40,654	62,043	26,673	39,012	5,215	5,285	2,799	3,021	4,289	5,968	2,144	2,148
April	45,092	50,003	28,236	33,035	5,077	4,472	2,900	2,858	4,161	6,240	2,314	2,254
May	46,600	56,475	29,059	34,374	5,270	4,798	2,655	2,932	5,014	8,683	2,430	2,513
June	54,616	59,471	29,842	36,960	4,792	4,997	2,544	3,001	5,531	7,397	2,566	2,592
July.....	52,831	60,423	33,892	35,727	6,308	5 851	2,638	3,117	5,616	6,316	3,116	2,927
August ..	49,240	55,578	29,640	32,390	5,554	5,551	2,442	2,655	6,298	6,180	2,874	2,059
September	55,080	61,856	32,466	33,932	5,164	4,919	2,971	2,773	8,035	6,414	2,620	2,508
October ..	59,340	66,354	35,736	38,349	5,817	5,408	2,970	3,103	13,291	9,347	2,498	2,498
November	59,166	67,246	34,211	39.125	5.580	5,154	2,878	3,147	13,550	11,553	2,660	2,660
	595.709	718,624	368,610	430,140	63,667	61,276	33,302	35,392	82,381	89,746	30,004	29,336

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CANADIAN CURRENCY AND EXCHANGE UNDER FRENCH RULE

V. ULTIMATE DISPOSAL OF THE PAPER MONEY*

Though attended by many anxious watchers, the French Canadian paper currency suffered a painful and lingering death. The embarrassment of the French treasury during the greater part of the Seven Years' War is a well-known fact of financial history. During the last years of the war the treasury was practically bankrupt, the treasurer being compelled to repudiate past promises and obligations from almost every quarter. The

*Chief sources:

Canadian Archives, Haldimand Collection B. XXI, XXIII, XXIV, XXVII, XXXVII.

State Papers, Q. I—V & LV.

Jenkinson's Collection of Treaties of Peace, Alliance and Commerce between Great Britain and other Powers. Vol. III.

An Act of the King's Council of State which orders the Liquidation of the Bills of Exchange and Money Bills of Canada. (June 29th, 1764).

De l'Administration des Finances de La France. Par M. Necker, 1784.

deferring of payments in Canada was simply a partial expression of the general attempt to ward off an utter collapse, and the complete suspension, in October 1759, of all payments on Canadian account, was not merely an expression of the abandonment of Canada to her fate, after the capture of Quebec.

In the last article a table was given showing the amount of the exchange drawn upon France during the closing years of French rule. From that it will be seen that the most remarkable increase in the expenditure took place in the years 1757-8-9. But, by the system of deferred payment then in force, one-fourth of the value of the exchanges drawn in any one year, was to be paid the following year, one-half the second year after, and one-fourth the third year after being drawn. When, therefore, the payment of the Canadian exchanges was wholly suspended in October 1759, the entire amount of exchange drawn that year remained unpaid, and a like fate overtook at least three-fourths of the exchanges of 1758, and at least one-fourth of those of 1757.

There remained unpaid, also, the whole of the card money, ordonnances and certificates held in Canada, and which General Murray, in his report of June 1762, estimated at twenty-two millions of livres. The whole of the unpaid Canadian paper, Murray estimated at eighty millions at the least.

The settlement or disposal of this debt was a very important detail in the peace negotiations which led up to the treaty of 1763. Had these claims remained unsettled, in proportion as distress resulted to Canada, the security of the English possession of it would have been weakened.

These claims left uncertainly hanging in the wind; it would always be open to France at any future crisis to promise to pay them, on condition that the Canadians should return to their ancient allegiance. Hence it was necessary to make some final settlement of them if possible.

Murray himself was so impressed with the necessity of getting the Canadian claims out of the way, that he proposed to the British Government the taking over, at a large discount, of all the paper still remaining in the possession of the French Canadians, except the exchanges on France, which were mainly in the hands of merchants who expected to leave the country,

or the noblesse who could go to France to look after their own interests. He proposed to give in return English paper money to the extent of 10, 15 or 20 per cent. of the face value of the French paper. Murray's general report on the country furnished to the British Government the data upon which to proceed in the negotiations with France.

Meantime the uncertainty was great. France desired, if possible, to avoid payment, both because she was losing the colony which had been the occasion of the outlay, because of her financial exhaustion, and because she was not particularly anxious to relieve her great rival of all embarrassment in her new acquisition. At the same time there were Frenchmen who held that the best policy, with a view to maintain a latent hold upon the French Canadians, was to promptly and fully meet all obligations in Canada.

While the issue remained uncertain, the English merchants generally refused to accept Canadian paper for goods. In consequence, the paper money for a time almost wholly dropped out of use as a medium of exchange. Even where contracts were made payable in paper money, the courts were instructed to suspend judgment upon them until an ultimate settlement of the matter had been reached. When, after the treaty, the prospects of payment became brighter for a time, a good deal of speculative buying of Canadian paper was indulged in.

At first Murray and the English generally endeavoured to convince the Canadians that there was no hope of the French Court ever redeeming their claims upon it; and that, therefore, they would lose nothing in transferring their allegiance to Britain. But after his position was secure, Murray adopted the opposite tack, and advised the French Canadians to hold on to their paper money, as the British Government would secure its redemption.

The French Court, when suspending the payment of the Canadian paper in 1759, had at the same time promised to redeem it as soon as the war was over, at the rate of 500,000 l. per annum. But, as this applied to the paper of all the French colonies, even if the promise had been kept, it would have required several centuries during which to complete the payment.

In Canada, in particular, Vaudreuil and Bigot, both before and after the capitulation, had given the strongest assurances in the King's name that the Canadian paper would be redeemed after the peace. These pledges and assurances were, of course, used with effect in the peace negotiations which followed.

From the first, the Canadians were naturally clamorous before the English authorities in Canada, to obtain some definite decision as to the status of their paper money, both in commerce and with reference to previous contracts. The people in Montreal went so far as to send a petition to the British Government to secure the redemption of their paper, as it was practically the only money which they had. This was fairly correct as to the Montreal district, which had not the same opportunities for hoarding coin as those nearer Quebec. At the same time, it is true that the noblesse, the merchants and the government contractors were the chief holders of the paper money.

During the later days of French rule, there being no longer any coin in circulation, any increase in the savings of the peasantry had to be made in paper money. But the general distress and the arbitrary measures resorted to for securing supplies, prevented the possibility of much saving during the last three years. What was held by the country people was mainly in the shape of card money and ordonnances. The bills of exchange were chiefly in the hands of the French traders and noblesse, who, as Murray said, were likely to return to France, some of them to remain there, others to look after their interests.

The Treaty of Paris, by which Canada was ceded to Britain, was concluded on the 10th of February, 1763. The treaty itself did not include any article dealing with the outstanding claims on the French Government. But in a special declaration appended to the treaty the matter is thus dealt with:

"The King of Great Britain having desired that the payment of the letters of exchange and bills, which had been delivered to the Canadians for the necessaries furnished to the French troops, should be secured, his most Christian Majesty, entirely disposed to render to every one that justice which is legally due to them, has declared, and does declare, that the said bills, and letters of exchange, shall be punctually paid, agreeably to a liquidation made in a convenient time, according to

the distance of the places, and to what shall be possible, taking care, however, that the bills and letters of exchange which the French subjects may have at the time of this declaration, be not confounded with the bills and letters of exchange which are in the possession of the new subjects of the King of Great Britain."

This somewhat Delphic deliverance, instead of leading to a definite settlement of the French debt in Canada, was but the beginning of a long and fruitless diplomatic contest in which the French as usual got the better of their British competitors. Once the crisis was over and the treaty signed, the French Court knew that the English were not likely to go to war over a vague appendix to the treaty, dealing with the Canadian debt.

With a cheerful ignorance of French methods, the English traders and others interested in Canada understood the latter part of the declaration to mean that the paper money held in Canada was to be much more favourably treated than that held in France.

Acting on this supposition, efforts were at once made in the districts of Quebec, Three Rivers and Montreal, to get a record of the paper money held in those sections, as it was expected that considerable paper money and exchanges held in France would be returned to Canada in order to take advantage of the more favourable treatment secured for the Canadian holders. This, however, was soon found to be a baseless apprehension.

The next alarm was sounded by Lord Halifax, in the end of 1763. In a despatch to Murray he says he has been informed that some persons employed by the French Government have been insinuating to the people of Quebec that the Canadian bills will never be paid. Under cover of this they were understood to be purchasing from them considerable quantities at a very low price. He asks Murray to make immediate inquiry as to the truth of this report. But this, too, proved to be a groundless alarm. The French Court was very far from having either the funds or the inclination to purchase at any price its past Canadian promises to pay.

For the comfort of the Canadians Halifax reports that the English ambassador at Paris and himself are exercising them-

selves to obtain from the French Court a complete fulfilment of the stipulations appended to the Treaty of Paris. Accordingly, Murray, in February, 1764, issued a proclamation embodying this statement, and advising the Canadians to have patience and hold on to their paper, or at least not dispose of it at a low price, otherwise the French might make this a pretext to avoid payment.

Immediately after the treaty was signed, many of the British merchants trading to Canada, believing that a profit might be made on Canadian paper, authorized their representatives in Canada to sell their goods for Canadian bills, and, if necessary, to purchase them with cash, provided they were to be had at a considerable discount. It appears from a letter of Murray's in February, 1764, that they seldom offered more than 15 per cent. Notwithstanding Murray's advice to hold on to their paper, the French Canadians, well acquainted from past experience with the value of those fair promises in which the French Court was ever ready to deal most lavishly, were not disposed to take the warning very seriously. Their pessimism was amply justified, for those who obtained even 15 per cent. for their paper had occasion to congratulate themselves on their wisdom in selling.

At the same time, by purchasing considerable quantities of Canadian paper, the interests of the English merchants were enlisted in behalf of securing from the French Court a fulfilment of its engagements.

The first move of the French Court, after the ratification of the peace, was the issue of an arret on the 15th of May, 1763, directing that all Canadian bills and letters of exchange should be registered, in an appointed office, before the first of January following. The effect of this was to practically shut out most of the paper held in Canada. The British merchants interested in the matter, though duly registering what they had obtained before that time, yet urged Halifax, the Secretary of State, to press the French Court for an extension of the period of registry. After making much of the concession, the French Court yielded, and a second arret of 5th January was issued, graciously extending the time to the first of April following, but absolutely declaring that all bills not then registered should be without value.

No one knew better than the French Court that this hardly extorted concession was a mere mockery. There being no regular communication with Canada during the winter months, no further Canadian claims were likely to be registered until some time after navigation opened, and before that the new date would have expired.

In a despatch from Halifax to Murray in December 1763, there are given the requirements of the French Court as to the form of the returns of paper to be made from each of the districts of Quebec, Three Rivers, and Montreal. These exact a complete statement, from both English and French holders of the Canadian paper, giving particulars as to the nominal value, date of issue of each bill, the means by which it was obtained, and, in the case of those disposed of, by whom they were sold, to whom, and at what price.

The Canadian authorities at once bestirred themselves to secure the registration of the outstanding paper, according to the forms prescribed by the French Government. But not before August 20th 1764 was Murray able to send what he believed to be a correct account of the bills held in Canada. His summary of the returns is as follows:

Govt of Quebec—	Exchanges livres s. d.	Ordonnances livres s. d.	Cards livres s. d.	Certificat livres s. d.
(*a*) In Canada....	683,413 18 3	4,614,167 16 0	318,569 17 6	122,785 18 10
(*b*) In Europe....	766,359 9 0	702,325 5 0	33,259 0 0	.....
Montreal.....	667,650 6 6	6,548,869 10 0	220,479 15 0	543,298 16 10
Three Rivers....	78,743 5 0	1,297,579 15 0	70,755 16 6	114,252 2 5

In addition to the methods adopted for shutting out the greater part of the Canadian and English claims, the French Court had devised other measures which would as far as possible render those duly registered of little value. This scheme was embodied in an arret of the King's Council of State of 29th June 1764, the chief features of which are here summarized:

The King first expresses his willingness to liquidate the debts contracted in Canada, and which exist in the shape of both money bills and bills of exchange. But he points out that, having investigated the administration of affairs in Canada, he finds the most positive proof of excessive expenditure and extensive frauds connected with his service in that country. As a consequence of its excessive issue the paper

became greatly discredited. The depreciation of the paper is said to have begun in 1754, and in 1758 it had fallen to one-half its nominal value, while in 1759 it was reduced to one-fourth, and in 1760 to one-fifth of its value, as measured by its purchasing power. On these grounds it is claimed that the funds employed in the payment of the Canadian bills up to the time of the suspension of payment in 1759, should have covered the whole cost of the King's operations. In other words, the King has really obtained nothing for the outstanding paper.

Nevertheless, owing to the delay in cashing the bills, and owing to the fact that many merchants obtained them in *bona fide* business in return for goods before the suspension of payments was announced, the King is prepared to deal generously with them. He is also anxious that the officers and others who have served in the war, should not be losers through these bills. Hence, the King in Council ordains as follows:

Article I. The bills of exchange drawn in 1758 and preceding years, which have been declared and checked according to the Acts of 24th December, 1762, 15th May, 1763, and 5th January, 1764, and which may have been obtained in business before 15th October, 1759, shall be paid in full.

II. Such other bills conforming to the above regulations, as were drawn in 1760, and were stamped, "For the subsistence of the armies," shall likewise be paid in full.

III. All other bills drawn in 1758, 1759 or 1760, shall be paid at one-half their face value.

IV. The card money and the ordonnances shall be paid on the basis of one-fourth their value.

V. All those claims of whatever kind which have not been registered according to the Acts of 1762, 1763, 1764, shall be henceforth null and void.

VI and VII. These provide special arrangements for the civil and military officers and the soldiers who served in Canada, and who may be holders of paper received for their services, coming under article III or IV. Each one, however, must make special application, with the particulars of his case.

The remaining articles provide for an elaborate red tape process, whereby the various claims already registered shall be

classified and reduced to a basis of payment. Immediate payment was to be made in funds bearing interest at 4 per cent., until ultimate payment should be convenient.

An Act of July 2nd 1764 regulates the form and distribution of the funds to be issued in payment of the claims. The important points are:

Article I. The funds or debentures to be made payable to bearer, and to bear interest at the rate of 4 per cent., beginning from the first of January next. To the debentures shall be attached coupons for the interest, which shall be due from year to year. The first coupon, for instance, shall be for the amount of interest due on the last day of December 1765, and so on, for the succeeding years.

II. The debentures shall be issued for definite and fixed sums, viz.: 50, 60, 80, 100, 300, 500, 1,000, 2,000, 5,000 and 10,000 livres. All odd sums which come between these shall be paid in cash at the time of issuing the debentures.

III and IV. These appoint the persons who are to sign and issue the debentures and make payments of interest.

V. This provides for the payment of the debentures themselves. The King reserves to himself to determine what funds shall be provided annually for that purpose. Payments shall be made by the lottery system, in the month of January of each year. Numbered tickets representing all the separate claims shall be put into a lottery wheel and drawn out until the amount to be paid for that year is made up.

VI. The claims drawn shall be paid promptly by the general treasurers of the colonies, and the interest coupons remaining unpaid shall be returned.

VII and VIII. These refer to the methods of keeping accounts.

Then follow the form of the debentures to be issued for the principal, and the form of the coupons for interest to be paid in January of each year from 1766 to 1771.

Now, several features of this settlement require to be carefully noted. First of all, we observe that the bills of exchange issued for the Canada paper in 1757 and 1758, and which were obtained in the ordinary course of business before the suspension of their payment in October 1759, are to be paid in full.

But almost the whole of these were held in France, being sent there in return for goods sent to Canada. The other bills to be paid in full were the comparatively small amount issued in 1760 and stamped, " For the subsistence of the armies." These, too, were held mainly by the officers and commercial element, which returned to France after the capitulation of Montreal.

The remaining bills were to be paid at one-half their face value, and these were held partly in Canada and partly in France. Those in France were taken there mainly in the pockets of the civil and military officers and the troops who had received them for their pay. But to these persons a special claim was to be allowed in the case of such paper, as also in the case of their cards and ordonnances, while no corresponding claim was permitted to the holders in Canada.

The cards and ordonnances were to be allowed to all others only one-fourth of their face value, and, as may be observed from the table already given, they made up the greater part of the paper remaining in Canada. Yet if anything should have been paid in full it was the card money which was issued before the depreciation period began. The same table shows what a small proportion of the Canadian holdings had been sent to Europe.

From all these facts it is clearly to be observed that the French Court, while professing to treat all holders alike, and thus to have fulfilled the pledge given to the English, had nevertheless with its usual dexterity, to call it by no harsher name, succeeded in shutting off almost all claims but those of its own subjects.

Murray had issued a proclamation to the French Canadians dated February 8th 1764, declaring that the King had renewed his efforts, through his ministers, to have the French Government fulfil its promise to redeem the paper money, as given in the treaty of peace. He asks the people to have patience, and rely on the efforts of the King in their behalf.

Nevertheless, when the nature of the French Act of 29th June 1764 became known in Canada, the people were once more greatly distressed as to the fate of their paper money.

In November the French Canadians sent, through Murray, an address to the King, asking for the protection of their

interests, and pointing out that their paper money was obtained in return for necessaries supplied to the troops, the prices for which were arbitrarily fixed by the Intendant. If the Intendant had not deceived them with false promises, their paper would have been converted into letters of exchange in 1759. In proof of this there is appended a copy of the letter of Vaudreuil and Bigot, issued after the virtual loss of the colony. It is dated Montreal, June 1760, and assures the people that the bills of exchange of 1757 and 1758 will be paid three months after the peace, those of 1759 eighteen months after the peace, and the cards and ordonnances as soon as circumstances will permit.

Halifax, writing to Murray on Dec. 8th 1764, acknowledges the receipt of the detailed register of the paper money. As this showed a larger amount than the first estimate sent, and as the claims were made upon France on the basis of the first estimate, it may be difficult to get the additional sum admitted. The ambassador, however, will be instructed to do his best in the matter.

The British Government naturally took exception to the act of June 1764, for the liquidation of the Canadian paper, and the Court of France as naturally sought to justify its action. The reasons given by France in justification of the very great reductions in the value of certain parts of the paper were: (1) The discredit into which the paper had fallen. (2) The high price of necessaries in 1759. (3) That the letters of exchange given before 1759 were paid in part. (4) The ordonnances and cards were only such as were issued after the last delivery of letters of exchange. (5) The retailers and merchants purchased the ordonnances at 80 or 90 per cent. discount. In reply to these the British Government made the following answers: (1) The Court of France, being itself the author and cause of the discredit, has no title to be benefited by it. (2) In 1759 the prices for the King were fixed by the Intendant at a lower rate than that at which necessaries were sold in the colony. (3) No reasons are given why the letters anterior to 1759, are not entitled to complete payment. (4) Ordonnances and cards of an old date were the circulating medium of the country. (5) The Court of France is responsible for the full

value, whatever they may have been purchased for. And they might have added, had they fully understood the situation, that a considerable portion of the cards at least, represented the savings of the people, and were not issued, as asserted, after the last delivery of exchanges.

The negotiations continued through 1765. In the meantime many of the English merchants in the course of their trade, and from speculating in Canada bills, had become personally interested in the payment of them. These persons sent a petition to parliament, in which they rehearsed the chief points in the history of the question up to that time. They complained of the unfair terms of the settlement made by the French Court. The 4 per cent. funds in which the payment was to be made then stood at 24 per cent. below par, so that the letters of exchange were, they claimed, to be paid on a basis of 38 per cent., and the cards and ordonnances at 19 per cent. of their face value. A further arret had since been issued making a reduction of 10 per cent. on the interest due to all holders of French funds. They state that though the paper in the possession of British subjects amounts to considerably over £1,000,000, yet only about £50,000 worth had been registered. They also complained that the various arrets dealing with this subject had been issued without any warning, and left those affected without any appeal. They therefore prayed the Government to come to their rescue.

A committee of the English holders of Canadian paper had obtained from those in Canada a power of attorney to act for them in urging the matter upon the British Government, in order to secure payment according to treaty.

In December 1765, this committee prepared a memorial on the subject of the paper money, for the guidance of the Hon. Henry Seymour, one of the Secretaries of State. In this, however, English, as distinguished from Canadian interests, receive special consideration. They proposed that the time for the registration of claims in France be extended to December 25th, 1766, the persons registering to prove, on oath, that their property is British, and that it has been so since the signing of the peace with France. The basis of redemption should be 50 per cent. on all bills of exchange and such certificates as are entitled to

the same payment, and 25 per cent. on all ordonnances, cards and remaining certificates. These sums to be paid in the established, secured and transferable funds, bearing interest at 4 per cent. Also, that the Court of France shall pay into the hands of the committee a further sum of 1,500,000 livres, as a bonus on the ordonnances, cards and certificates at their rate. Also a further sum of 1,000,000 livres as an indemnification for the discount at which the funds given in liquidation may sell. All paper not conforming to these requirements to be completely excluded from all claim to payment.

By this time the financial condition of France was such that the Court did not seem to think it mattered much what was promised. Hence, after a becoming amount of diplomatic discussion, a convention was at length drawn up and signed on the 29th of March, 1766, for the final disposal of the Canada paper belonging to the subjects of Great Britain.

The convention followed closely the lines laid down in the memorial just referred to. Bills of exchange and some certificates were to be redeemed at 50 per cent., and cards, ordonnances and the other certificates at 25 per cent. Payment was to be made in "rent-contracts," or debentures bearing interest from 1st January, 1765, at 4½ per cent., and to be conformable to the arrets of 29th June and 2nd July 1764, and 29th and 31st December 1765. The first two of these arrets have already been referred to. That of 29th December 1765 was issued in consequence of the decline in the rent-contracts already issued, and also in consequence of the English protests. It provides in the first article that the interest shall be raised from 4 to 4½ per cent. Article II declares that no Canadian paper shall be registered after March 1st 1766. But article III makes an exception in favour of British holders, for whom the time of registration is extended to October 1st 1766. The arret of 31st December 1765 is based on the report of the comptroller-general of the finances and provides that the interest on the rent-contracts shall be paid from the Arrears Fund, the principal to be paid by lottery, agreeably to what has been provided for the different debts of the state and by the edict of December 1764.

The greater part of the convention itself refers to the forms of oath and declaration to be made guaranteeing the money to

be British property. These declarations require the giving of a complete history of the paper money from the actual holders back through all the intermediate possessors to the original receivers, under pretext of preventing paper sent from France to Canada from coming in as British property. By the 13th article the Court of France grants to the British proprietors generally an indemnification, or premium, of 3,000,000 livres, 500,000 l. to be paid in specie, and the remainder in rent-contracts of the same nature as the others, the interest on which shall run from January 1st 1766. This is to be a final settlement of all claims.

Conway, who negotiated the matter on the British side, immediately sent to Murray a copy of this convention with instructions to have all the paper money in Canada sent over before the 1st of October, and asking him to take precautions that no paper sent back from France might be included, for the larger the amount sent the smaller would be the share of each from the 3,000,000 l. bonus.

There being some anxiety to know how the 2,500,000 l. in funds and 500,000 l. in specie were to be distributed, the English committee made an explanation. By the most careful estimate there appeared to be outstanding, bills of exchange and certificates to the extent of 4,000,000 l., and ordonnances and cards to the extent of 12,000,000 l. These being reduced according to the convention, would make a net total of 5,000,000 l. The distribution of the 3,000,000 l. of bonus on this amount would give 2,100,000 l. in rent-contracts and 420,000 l. in specie to the ordonnances and cards, and 400,000 in rent-contracts and 80,000 l. in specie to the bills of exchange and part of the certificates.

The settlement effected by this convention appears only to have multiplied the troubles of the British Government. Many special claims, alleged hardships and difficulties arising from the elaborate red tape process through which the claims had to pass, poured in upon the Colonial Department.

Although the English holdings were all registered in time, some of the French Canadian claims, having a shorter time for their preparation, and having to be sent across the Atlantic, arrived somewhat late, and there were others whose history

could not be fully traced. Further diplomatic efforts had to be made to get these included. The French Court made much less difficulty than might reasonably have been expected, which was not a little ominous. In consequence of this amiability of the French, everything that the British Government had the courage to ask was granted by the end of 1767.

On the British side some difficulty arose over the proposed distribution of the bonus. The French Canadians, rightly or wrongly, got the idea that the holders in Britain were getting the better of them in the division. They were assured, however, that their fears were groundless.

When everything was satisfactorily settled the French officials issued the promised funds, but before the operation was finished they had fallen on the London market to 74. In January 1770 the interest on them was reduced to 2½ per cent., and the next month the payment by lottery was suspended for four years, which meant for ever. Within the year following the stock had become worthless. As regarded its funded debt the French treasury was practically bankrupt. Soon war with England was resumed, and the French Canadian paper money had vanished into the Limbo of the past.

ADAM SHORTT

QUEEN'S UNIVERSITY, Kingston

GILBART LECTURES, 1898*

BY J. R. PAGET, ESQ., LL.D., BARRISTER-AT-LAW

WE pass now to the case of the order cheque, note, or bill with an impersonal payee, taking the example suggested "Pay wages or order." Is this a bill at all? I say no. There is no exact case deciding this point. Even if there were and it was before the Bills of Exchange Act, it would not help us very much. There is the dictum I have mentioned to you, in which the Court asked whether a bill payable to the pump at Aldgate or order, might not be recovered on as a bill payable in effect to bearer; but as I said, that question was put 100 years ago, and though I gather that that particular Court, as then advised, meant to imply that it could be so treated, one must not rely on an unanswered question from the Bench. Pilate's question, "What is truth?" affords no definition of that rare but estimable quality. And there is authority, at least as strong, the other way. Lord Chief Baron Eyre in that case of *Gibson v. Minet* to which I have referred, after laying down that a document in the form Mr. Justice Kennedy held to be a promissory note payable to bearer, was waste paper, proceeds as follows: "Will it mend the matter if I say, 'I promise to "pay £500,' or I direct another, 'to pay £500 to the pump at "Aldgate'? I use that vulgar expression because it has been "used and because it forcibly expresses the idea I wish to con-"vey, what is a fictitious payee but the pump at Aldgate. If I "add, 'or order,' what difference does it make? If I add, 'or "bearer,' there is a very sensible difference. There may be a "bearer, but in the nature of things there can be no order. "The bill therefore cannot be transmitted by order; the fictitious "payee can no more order than the pump at Aldgate can order. "Such a bill then is a mere nullity in its original conception

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"and must ever remain a mere nullity." Now as regards fictitious payees who are other than obviously inanimate beings, the analogy, at any rate now, does not hold good, and was not accepted even in that case; but so far as inanimate things are concerned the L. C. Baron's dictum may be set against the inference derived from the question in the other case. In Vagliano's case in the Court of Appeal, Bowen, L.J., mentions the query of the Court as to the Aldgate pump, but gives no opinion on the point; so we are, as I say, without definite authority on the point.

Now see how the matter stands under the Bills of Exchange Act, which is really the only governing power. We have read the definition of a bill in section 3. It necessitates a requisition to pay a sum certain in money to, or to the order of, a specified *person* or to bearer. Note the word *person*. Section 7: "When "a bill is not payable to bearer, the payee must be named or "otherwise indicated therein with reasonable certainty." Here we do not actually find the word person, but there is nothing to expand the limits or lessen the requirements of section 3. Section 7 goes on, "A bill may be made payable to two or more "payees jointly, or it may be made payable in the alternative to "one of two, or some of several payees. A bill may also be "made payable to the holder of an office for the time being." Here again nothing very definite about person, but nothing at all modifying section 3. Then we come to sub-section 3 of section 7, which is to my mind the crucial one. "Where the "payee is a fictitious or non-existent *person*, the bill may be "treated as payable to bearer."

Now this section has been discussed till we are all weary of it. I regard it as one of the stop-gap sections to which I have referred, where the word bill must have a broader meaning assigned to it by reason of the context. Its effect is this, that an instrument coming within its terms, though not in reality a bill at all, may be treated as a bill payable to bearer, or that a bill payable to order which comes within its terms may be treated as payable to bearer.

But does a cheque "pay wages or order" come within its terms? If it were otherwise not a bill, because wages is not a real payee, does this section cure the defect? Surely not, wages

is not a person at all, wages cannot be a fictitious or non-existent person. In the case of the bill payable to ship Fortune or bearer, one of the judges expressly said ship Fortune was not a person. In Vagliano's case, Lord Selborne specially dwelt on this wording, "a fictitious or non-existent *person*," as meaning something quite different from such a phrase as "when the payee is fictitious or non-existing," though Lord Herschell does not seem to have attached so much weight to the distinction. But we scarcely want authority. "Person" is defined by the Bills of Exchange Act as including a body of persons, whether incorporated or not, that is a partnership, company, corporation, or other associated body of human beings, and the extension of the ordinary use of the word person to such bodies, shows that in other respects the strict interpretation of the word must be adhered to. As the law says, "the inclusion of one thing is the exclusion of others." And of course the effect is the same if the section be looked on in the other light I have indicated. Take it for sake of argument that it is a good cheque as having a payee, a payee described with reasonable certainty. But it is to order and incomplete without endorsement. Wages cannot endorse. Does the section apply and make it payable to bearer without endorsement? No, because the payee is not a person, is not a fictitious or non-existent *person*, but only a thing. So that, to my mind, is the state of affairs. The cheque is not a bill at all, and even if it were, it is not payable to bearer, but to order; it cannot be endorsed, therefore no one can deal with it as endorsee, and it cannot be treated as payable to bearer, because the payee is not a fictitious or non-existent person, but a thing.

It is clearly not negotiable or transferable at all. If it be given to A and passed on by him to B, then whether endorsed by A in his own name or in the name of wages, or whether it be merely transferred by delivery on the footing of its being payable to bearer, it gives B no rights against the drawer. It is not within the definition of a negotiable instrument, and it bears evidence of its own defects and incompleteness on its face.

Even between immediate parties, such as the drawer and the person to whom it is handed, it gives no rights so far as I can see.

To be available between the parties as we have seen, a bill must possess all the attributes of a bill, except that by the use of express words the intention that it shall be transferable is negatived. But this document stops short of the preliminary requirements, and so there is no question of any restraining words being needed.

Now what is a banker to do to whom a cheque drawn by his customer "pay wages or order" is presented for payment? Let us first look on the question from a purely legal point of view. If we ignore considerations of policy and were to stand on strict legal rights, I think the only thing to be done is not to pay it, marking it "*cheque irregular*," or "cheque not in order," or whatever form you choose to adopt to express your reason for declining payment most calculated to safeguard your customer's credit for solvency if not for sense. And, to my mind, it makes no difference whether it purports to be endorsed or not, and in what form it so purports to be endorsed if at all.

For in any and every case, if you deal with such a document, you are outside all ordinary legal and statutory protection.

It is not payable to bearer, therefore you are not justified in paying it to bearer.

If it purports to be endorsed, your position is no better; section 60 does not protect you. In the first place, it is not a bill, so that the section has no hold on it. Even if by extraneous circumstances as between you and your customer, the latter was estopped from denying it was a bill, still it must be paid in good faith and in the ordinary course of business. A cheque like this might be paid in good faith, I doubt whether the payment of such a document would from the legal standpoint be in the ordinary course of business; then the protection is only this, that it is not incumbent on the banker to show that the endorsement of the payee or any subsequent endorsement was made by or under the authority of the person whose endorsement it purports to be. So here again we get the necessity of a personal payee, capable of endorsing, and an ostensible personal endorsement, neither of which exists in the case proposed. So you get no protection by treating it as an order cheque, presumably properly endorsed.

Even that section 19 of the Stamp Act, 1853, which was

left unrepealed in order to give the banker protection analogous to that afforded by section 60, but in cases not strictly within this latter section, has nothing to say to these anomalous documents. That section 19 says "any draft or order drawn upon "a banker for a sum of money payable on demand which shall, "when presented for payment, purport to be endorsed *by the* "*person* to whom the same shall be drawn payable," etc. That is enough to put us out of court; there is no person in this case, therefore the section does not cover the risk. So I think you would be acting within your legal rights if you dishonour such a cheque, whether endorsed or not. The customer might say you ought to have paid the cheque, inasmuch as it clearly indicated his intention that it should be payable to bearer; that endorsement was obviously impossible, and you ought so to have treated it. But I do not think that would prevail. It is clearly deducible from Vagliano's case that bankers may be liable if they misinterpret the legal effect of their customers' documents and act on such misinterpretation. It is no part of your business to divine the intention of your customer when expressed or rather concealed in a form alike unrecognized by the law and the custom of reasonable business men. As I have often told you, no banker is, in my opinion, responsible to his customer for dishonouring his cheques unless, in addition to the customer having sufficient and available funds in the banker's hands to meet them, the cheques themselves are in proper form and in order on the face of them. That certainly cannot be affirmed of such documents as these, whether endorsed or not. The only case in which, so far as I can see, the customer would have a legal ground of complaint, would be if, for a considerable period, his cheques drawn in such form had been honoured by the banker, so as to establish an implied contract or course of dealing, amounting to an undertaking on the part of the banker to waive the irregularity and treat these documents as valid and proper cheques.

But now turn to the practical side. I understand that cheques in this form come in in hundreds at some banks, particularly on Saturdays, presumably for wages. Also, I can well understand that these cheques having been, for years, treated, as it were, by common consent as valid, it would be an unpleas-

ant surprise to a customer to be told that such cheques would no longer be honoured. Also that the bogey competition has a good deal to say to any question of a bank's standing on the letter of its strict legal rights, when there are other banks who would willingly take a good customer even if he brought a slight risk with him.

If I were ten years younger, as I was when I first had the honour of giving these lectures, I suppose I should advise you to dishonour this sort of cheque. But if I have taught you any banking law in that period, you have taught me a great deal of practical banking, and I recognize the impossibility of a banker raising technicalities of this sort against a good customer. So I suppose you must go on paying these cheques, as indeed I suppose you must go on paying any sort of fancy cheque an eccentric customer chooses to draw, within certain limits. These things must be classed among the risks of banking, although it is aggravating to have those risks increased by the fads or the laziness of a customer.

One consolation, I do not think a customer who disputed a payment made on a cheque of this sort would merit or meet with much sympathy from a court or a jury. If ever there was a case in which the law of estoppel, which is somewhat elastic, ought to be stretched to its utmost capacity, it is in a case of this sort. Then you would have in your favour the doctrine that where an agent acts honestly on one reasonable construction of an ambiguous authority from his principal, that principal cannot afterwards insist on the other construction to that agent's prejudice. If such cheques had habitually been debited and the pass book returned without comment, you would have evidence of a course of business or implied contract, and as a last resort you might fall back on the custom of bankers which, I fancy you would tell me, sanctioned and recognized such cheques, though I should doubt whether that would stand in the face of the Act. If a customer were to sue his banker for paying one of these cheques to bearer, I should be strongly inclined to back the banker to win somehow. For whatever may be the strict law on the point, there seems a good deal of force in the answer that might be made to the customer, "you must have intended "the cheque to be payable to somebody, you made it payable

"to wages or order; wages could not possibly endorse, and so, "treating you as an intelligent being, we regarded it as payable "to bearer and so paid it."

At the same time, if amendments are ever made in the Bills of Exchange Act [and some such seem impending, especially with reference to the question of bills drawn on London accepted payable abroad, with which we dealt here last year], it might well be considered whether section 7, sub-section 3, should not be altered so as to include these cases, as for instance by changing the words "where the payee is a fictitious or non-existing "person" into "where the payee is fictitious, non-existing or "obviously incapable of endorsing, the bill may be treated as "payable to bearer," or words to that effect.

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And now let me call your attention to one or two other abnormal forms of cheque or bill.

In *Chamberlain v. Young*, 1892, 2 Q.B., 206, the case to which I before alluded, a bill was drawn in the following form:

Five months after date pay to.....order the sum of £150 for value received.

E. M. Tower

To Mr. A. J. Young

The bill was accepted by Young, and was endorsed by Tower, the drawer, and handed by him to Chamberlain, the plaintiff, for value; the blank had never been filled in. Young, the acceptor, went bankrupt, and though his name appears as a defendant, the action was substantially one against Tower, the drawer and endorser.

And his defence was that the document was neither at common law nor under the Bills of Exchange Act a bill of exchange, and so no action could be maintained upon it. But the Court of Appeal held the contrary.

They held that the bill was a perfectly good bill of exchange, that it was not inchoate or incomplete, and on this ground, that it said "pay to order," and that that was equivalent to "pay to my order," that, therefore, it was a bill payable to drawer's order, which was a good bill.

It is rather curious that the Court apparently rested the validity of a bill payable to drawer's order on the doctrine of common law, not on the Bills of Exchange Act. Kay, L.J., says, "We asked in the course of the argument for some author-"ity that a bill payable to the order of the drawer is not a good "bill of exchange, and no such authority was produced." I should think not indeed. Section 5, sub-section 1 of the Bills of Exchange Act specifically says, "A bill may be drawn pay-"able to or to the order of the drawer." That is clear enough. And I think the other conclusion is right, too, namely, that "pay to.....order" is equivalent to "pay to my, *i.e.*, drawer's "order." It would be carrying technicality very far to object to this interpretation. Lord Esher said, "It says 'pay to order,' "and by the most common rules of construction, that must "mean 'pay to my order,'" and that certainly seems the reasonable way to look at it.

Notice that in this case the blank was never filled up. I suppose the holder thought the bill was good enough without, or he may have had in his mind a view I am going presently to put before you with regard to the filling up of blanks.

Now it was a curious thing in this case, that for a considerable period the argument proceeded on the mistaken basis that the form of the bill in question was "pay to.....or order," until Lord Justice Kay detected the mistake and pointed out that the real form was "pay to.....order," the word "or" not appearing on the bill.

In their judgment, however, the Court of Appeal incidentally discuss what would have been the position had the words really been "pay to.....or order," and the bill had been endorsed by the drawer, and sued on by the holder without the blank having been filled up. And it was with regard to this supposed state of affairs that Lord Esher and Lord Justice Bowen expressed themselves in the terms I some time ago quoted to you. But, of course, as soon as the real form of the bill was discovered, this point became irrelevant, and they wisely refrained from deciding it.

And the same circumstance dispensed with their deciding whether the provisions of section 55, sub-section 2 (*c*), which

preclude an endorser from contending that what he endorsed was not then a valid and subsisting bill, apply to that which is not strictly a bill in form.

So we must deal with the matter for ourselves, and consider what is the effect of a document of this nature—"Pay to .....or Order."

Now, in the first place it is not a bill, it has no payee, it is not within section 3, it does not require payment "*to or to the order of a specified person.*" And if it is not a bill, of course a cheque in the same form is not a cheque. That we get from the terms of the Bills of Exchange Act.

And this seems to have been the view adopted prior to the Bills of Exchange Act, though the only authority I can find is a criminal case, the circumstances of which were peculiar. In the case of the *King v. Randall*, in 1811, the prisoner was tried for forging and uttering a navy pay-bill, importing to be drawn by George Sidney, as master of the Royal Sovereign, and payable to.....OR order, and also for forging and uttering an endorsement upon it in the name of John James. Apparently Mr. Randall was of opinion that his handiwork did not at any rate constitute a bill payable to bearer, inasmuch as he went to the trouble of forging the endorsement of the fictitious John James. He presumably did not know of the Aldgate Pump dictum, or did not think it covered his case. Anyway, he was tried and found guilty. But objections in law were taken. One of them is interesting. It was objected that the so-called bill misrepresented the rating of the Royal Sovereign, she being really a first rate, but described in the bill as a second. This seems a somewhat technical defence to a charge of forgery, and, as derogatory to the character of Collingwood's ship at Trafalgar, was a matter I should say of aggravation rather than mitigation.

The other objection was more serious, being that the bill was payable to no one because there was no payee's name. The judge at the trial overruled the objections. What he said about the Royal Sovereign I do not know. With regard to the other objection, he held that a bill payable to blank or order was in legal operation payable to the order of the drawer, but at the same time he reprieved the prisoner (forgery being then a hang-

ing matter), thinking the instrument was incomplete for want of an endorsement by the drawer, who, as you remember, was George Sidney, the master of the ship, not John James, whose name was forged presumably as the payee, and that therefore no person of ordinary caution could be imposed upon by it. And the points were reserved for the consideration of the judges. And all the Common Law Judges, except one, sat to consider the matter, and they held the conviction bad on the ground that it was not a bill of exchange because there was no payee.

Nor is it made a bill payable to bearer by section 7, sub-section 3. "Where the payee is a fictitious or non-existing person, the bill may be treated as payable to bearer." To make it a bill and get within the section there must, to my mind, be a name as payee which represents, without importing extraneous knowledge, a possible payee.

And, as we said before, it must be a person, existing or real, or non-existent or fictitious, whatever sense the latter words are to be taken in. Now blank is not a person, blank is not even a fictitious or non-existent person. It is somewhat anomalous in any way to speak of a non-existent person, especially when you have to find another and distinguishable meaning for a fictitious person, but when you have exhausted the possibilities of non-existent and fictitious persons, you are still a long way off "things," whether real, fictitious or non-existent, and, I venture to think, still further off that which is not even a thing, but absolutely nothing, to wit, a blank. *Ex nihilo fit nihil*, not even a fictitious or non-existent person or payee.

Such a document, therefore, is not a bill of exchange or a cheque, and is not payable to bearer.

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But in order to deal effectually with this subject of professing bills and cheques with impersonal or blank payees, there are still two points left to consider. First, what estoppels arise under the Act from the issuing and dealing with these anomalous documents, and in whose favour and against whom do they apply? Second, what can be done to making such instruments complete bills of exchange, and who can do it?

Now, on the first point, as to estoppels, I fully recognize the force of Lord Esher's remarks as to the incongruity or even

the immorality from a commercial point of view of a man's putting on the world a document presumably intended to be a bill of exchange, receiving value for it, and then later on turning round and saying it is not a bill of exchange by reason of some defect in form which, in the majority of cases, is of no practical importance whatever.

But however much we may reprobate such a course, I am afraid we cannot manufacture sentimental estoppels outside those which the Bills of Exchange Act has laid down. The Court of Appeal gives no foundation or encouragement for so doing, and it would be obviously wrong.

How far, then, will the Bills of Exchange Act help us in this respect?

First take the case of the drawer of a so-called bill or cheque with such a payee as wages or order.

What does the drawer engage with respect to it?

Section 55 is the section governing this, and may be interpreted as another stop-gap, as enacting that a document, not really a bill, shall be treated as a bill, if the operation of the section supplies the defect. What then?

By sub-section (6) the drawer is precluded from denying to a holder in due course the existence of the payee and his then capacity to endorse.

Now, I do not think that helps us: In the first place, I do not see how you would get a holder in due course. To be a holder in due course, you must take a bill complete on the face of it. Is a bill complete which says pay wages or order? I think not; it has no payee in the sense the Act uses the word. Then as "wages" could not endorse, the bill would not be complete without endorsement, which could not be got.

But suppose we got over these difficulties, what is the estoppel created? That "the drawer is precluded from denying the existence of the payee and his then capacity to endorse."

Quite so, but this does not cover the case where there is no endorsement at all, which there never could be in this case. The estoppel does not extend to precluding the drawer from denying the genuineness of the endorsement, and if the word "wages" was endorsed by someone, the holder would be put to prove the genuineness of the endorsement, which he could not do.

Then as to the case of " .....or order." It was not suggested in *Chamberlain v. Young* that this section estopped Young in his character of drawer. It could not be. Where there is no payee at all, you cannot affirm his existence or his capacity to endorse. So I think the estoppels in this section do not touch the case at all. They obviously apply to a personal payee, as shown by the word " *his.*"

Now we come to the acceptor, and of course, here the question of cheques or notes does not come in ; we have only to deal with bills.

What is the position of an acceptor who accepts a bill payable to wages or order towards a holder who takes it in that condition ?

The difficulty as to a holder in due course comes in, as he is the only person who can set up estoppels against an acceptor. But even to him the only relevant estoppel is that in the case of a bill payable to the order of a *third person*; the acceptor is precluded from denying the existence of the payee and his then capacity to endorse, but not the genuineness or validity of his endorsement. So that here and also in the case of a bill payable to " .....or order," there can be no availing estoppel against the acceptor. The words " payable to the order of a *third person*," prevent the section having an application in either of these cases, and if it had, the same difficulties as I referred to above with regard to the drawer would come in.

Now turn to the endorser, whose case is of course alike applicable to cheques, bills and notes. As you know, the endorser of a bill is precluded from denying *to a holder in due course* the genuineness and regularity in all respects of the drawer's signature and ALL PREVIOUS ENDORSEMENTS, and further is precluded from denying to his immediate or a subsequent endorsee that the bill was at the time of his endorsement *a valid and subsisting bill*, and that he then had a good title thereto.

Now it is clear that an endorser takes upon himself a good deal more responsibility in the way of estoppels than the other parties to a bill, and it was on the latter of these two clauses that the plaintiff relied in *Chamberlain v. Young*, when arguing on the basis of the bill having been drawn payable to " ..... or order " and endorsed by Young. The first part of the ques-

tion, viz., as to the endorser's being bound to the genuineness and regularity in all respects of previous endorsements, only extends to cases where the bill is in the hands of a holder in due course, and so, in addition to the difficulty with regard to the possibility of their being a *bona fide* holder of a document incomplete on the face of it, the section could only apply where someone had endorsed in the name of wages, or had endorsed as the unnamed payee, and the endorser whom it is sought to estop had endorsed after this. That is not a case likely to happen.

But as to the second point, there is more to be said. In the face of the words "is precluded from denying to his immediate "or a subsequent endorsee that the bill was at the time of his "endorsement a valid and subsisting bill," can the endorser turn round and say, "No, it was no bill at all, because there was "no payee, or no fictitious or non-existing person as payee, when "I endorsed it?"

You see there is no question here of a holder in due course, the endorser incurs this liability, whatever it may be, to his immediate or any subsequent endorsee.

Moreover, it may be material to remember that the liabilities of an endorser are not confined to a person who signs a bill in the character of payee or special endorsee. Anyone who signs a bill other than as drawer or acceptor, incurs the liabilities of an endorser.

So there would be only two arguments which such an endorser could put forward. First, that it was not a bill, and that the section did not apply. I think that would not do, because, as I say, the section is a stop-gap one, and I am disposed to think the Court of Appeal, in *Chamberlain v. Young*, would have said so if necessary. Secondly, that the words "valid and subsisting" do not cover the case of that which is not otherwise a bill, at any rate in form, that "valid and subsisting" refer to circumstances outside the bill, as for instance, he cannot say it has been paid off or released in writing, or anything of that sort. And, perhaps, the wording is not felicitous, but on the whole I think the word valid is sufficient. Assuming the application of the section as a stop-gap, I think a Court would rightly hold that the endorser was estopped and precluded from taking any objection to the form of the bill, and was liable on his endorsement.

That, I think, exhausts the list of estoppels under the Act, which as at present advised, are the only ones which in ordinary cases we are entitled to take into consideration. And after the examples I have given, you will be able to apply for yourselves the estoppel sections of the Act to any particular case which may come under your notice.

Now as to the second point. What can be done to make such instruments complete bills, and who can do it?

I daresay you have been wondering why I dealt at such length with this matter, and thinking that the difficulties, or at least many of them, might be got over easily by filling up the blanks.

But I think I can show you that remedy will hardly suffice.

In the instance of a cheque or bill payable to wages or order, I do not think that there is any filling up to be done. Section 20, after dealing with the case where a simple signature on a blank stamped paper is delivered by the signer in order that it may be converted into a bill, goes on thus, "and in like "manner when a bill is wanting in any material particular the "person in possession of it has a *prima facie* authority to fill up "the omission in any way he pleases."

This, of course, is one of the stop-gap sections to which I have alluded, and therefore if the defect in the document can be cured by the operation of the section, that section applies. But does it? True, the document is wanting in a material particular, it has no personal payee; but is there any omission you can fill up in like manner as you fill up the blank, signed, stamped paper? The only place you want to fill up is already occupied by the word "wages," there is no blank, no omission to fill up. I think the case outside the section, and the section not applicable.

The case of a bill or cheque payable to "..... or order" is different. Here the so-called bill is wanting in a material particular, viz., a payee, and the defect is an omission, and there is a blank which can be filled up. And it was decided long ago that a holder could insert his own name as payee and endorse it. And if it had been endorsed by somebody previously without the blank being filled in, I think you might fill in his name as payee, and so utilize his endorsement.

But the powers given by this section are very restricted. In fact it is altogether a very puzzling section. The person in possession who may fill up the bill or the omission is not confined to the first person to whom the bill is delivered in its inchoate state. The Act does not say so, and prior authority is against the idea. The words "the person in possession of it," are equivalent to "the person in possession of it for the time being." Such a person therefore has a *prima facie* right to fill up the omission in any way he thinks fit.

But the right or authority is only a *prima facie* one, and that is emphasized by the succeeding sub-section, which says that in order that any such instrument when completed may be enforceable against any person who became a party thereto prior to its completion, it must be filled up within a reasonable time and strictly in accordance with the authority given. Now this very considerably cuts down the effect of the apparently large permission to fill it up in any way you think fit. If you are not the person to whom the signed, stamped paper or the bill wanting in a material particular has been handed in the first instance, I do not very clearly see how you are to know what is the limit of the authority, and if you were to fill it up as you thought fit, you would in all probability exceed that authority. Say a signed blank paper stamped with a stamp which would cover £5,000, is handed you for value by a person who assures you that the signer authorized him to fill in that sum, and you fill in £5,000. The signer would be perfectly free to say, "I never authorized it to be filled in for more than £1,000," and your *prima facie* authority would be rebutted and go by the board. So again, if a bill is brought to you "pay.....or order," and you fill in your own name as payee, the acceptor or drawer would be entitled to say, "Oh, no, the only authority I gave was to fill in John Smith's name as payee," and again your *prima facie* authority goes.

Practically, what I think this section comes to is, that only the person to whom the document is handed in the first instance is in a position to exercise the powers under this section. He is the only person who can possibly know with certainty the limits of the authority conveyed by the instrument, and I cannot see how anybody else can safely deal with such a document,

his knowledge of the authority being merely dependent on hearsay; unless, indeed, he goes and makes enquiries of the prior parties, which would not seem a usual course.

Moreover, remember that if you take an incomplete document, even though you are in a position to and do fill it up, you can never be a holder in due course.

The rights of a holder in due course who has taken a bill so completed after its completion are dealt with in sub-section 3 of this section 20, and are clearly contra-distinguished from the rights of the person who has taken the bill in its incomplete state and completed it himself.

And the thing is absolutely clear. One of the requisite things in a holder in due course, under section 29, is that he should have taken a bill complete and regular on the face of it, which it cannot be if it is wanting in a material particular, or is merely a piece of signed blank stamped paper. As the Court of Appeal said in *France v. Clark*, in 1884, "The person who has "signed a negotiable instrument in blank or with blank spaces "is, on account of the negotiable character of that instrument, "estopped by the law merchant from disputing any alteration "made in the document after it has left his hands by filling up "blanks (or otherwise in a way not *ex facie* fraudulent) as "against a *bona fide* holder for value without notice, but it has "been repeatedly explained that this estoppel is in favour only "of such a *bona fide* holder, and a man who, after taking it in "blank, has himself filled up the blanks in his own favour with-"out the consent or knowledge of the person to be bound, has "never been treated in English Courts as entitled to the benefit "of that doctrine. He must necessarily have had notice that the "documents required to be other than they were when he re-"ceived them, in order to pass any other or larger right or "interest as against the person whose name was subscribed "to them than the person from whom he received them might "then actually and *bona fide* be entitled to transfer or to create, "and if he makes no enquiry he must at the most take that "right (whatever it may happen to be), and nothing more. He "cannot by his own subsequent act alter the legal character or "enlarge in his own favour the legal or equitable operation of "the instrument." So that filling up omissions yourself is of no

use whatever. You may, probably would, find you had overstepped the limits of the authority, which would be fatal, and you would in addition be subject to all equities, as not being a holder in due course.

Now I fancy this section, its working and effect, have been the subject of some little misconception, and I am glad to have this opportunity of showing you what it does and does not do.

But before leaving it, it may be well to see how far, if at all, it will help you when a bill or cheque "pay.....or order" is presented to you for payment in that condition, that is without the blank being filled up. There seem to be two courses open: one, that the person presenting it should fill in the blank with his name and endorse it; the other, which would seem to be available only in the case of cheques, and which I believe is sometimes adopted with regard to them, is for you, as bankers, to fill in your own name and make it payable to yourselves, in which case I take it you also endorse it, either because bankers are slow to believe that a cheque to A or order is payable to A without endorsement, though such, of course, is the case, or with the view of making it a bearer cheque, and so payable to the person presenting it.

Now of the two plans, I think that of making the person presenting it fill in his name and endorse is the less bad. He is the person in possession of it at the time it is presented for payment, and as such has a *prima facie* authority to do it. But of course it is only a *prima facie* authority and liable to be rebutted; he cannot be a holder in due course because the document is not in order on the face of it even now, and so cannot have been when he took it; and you have notice of this by the condition of the bill or cheque when it is presented to you. The filling in and endorsing at your request can give you no larger rights than you would otherwise have had. You take the risk of your customer's authority not extending to such filling up. In effect, you are relying on that authority as sufficient to sanction the conversion of the bill or cheque into a bearer document, and you might find it did not go far enough. It is clear you cannot, by getting such filling up and endorsing done by the person who presents it for payment, obtain for yourselves the protection of section 60 of the Bills of Exchange Act, or the analogous sec-

tion of the Stamp Act, 1853. The terms of those sections are clearly confined to cases where a bill or cheque is presented for payment with the endorsement ostensibly complete and in order, and where the only question is whether the endorsement is genuine or made with the authority of the person whose endorsement it purports to be. So that I do not see that such filling up and endorsing by the person presenting affords any protection.

As to filling up a cheque so as to make it payable to yourselves, I think that course is open to the same, and indeed greater, objections. In the first place, it is a sort of admission that you know the cheque is not in order when presented. Again, I think "the person in possession thereof" mentioned in the section as empowered to fill in blanks must have possession of it while it is a living, going instrument. If you pay it as bankers on behalf of your customer, it is a dead cheque, it is only a voucher in your hands as against your customer. You are not the person in possession of it as a cheque, but only as a voucher, and such filling up can have no effect.

But there is a more serious side to the question. It forcibly strikes me that if you pay the person who presents it and then fill in your own name, you are not dealing with the cheque as bankers at all. I cannot help thinking that you are putting yourselves in the position of having purchased the draft on your own account, and so become holders of it. For by filling it up payable to yourselves or order, you are treating it as a going bill; you, as the person in possession, are acting on the *prima facie* authority of the drawer, and making it a bill or cheque payable to, or to the order of, the drawee, the form authorized by section 5 of the Act, which says a bill may be drawn payable to, or to the order of the drawee. And if that be so, you become the holder, and you can never be a holder in due course, because you have taken the instrument incomplete on the face of it, and moreover are the named payees. And in that case you run the risk not only that you may have exceeded the authority by so filling it up, a risk which is a real one in such case, because the customer can hardly have contemplated your doing so, but you would become liable to all equities affecting

the cheque in the hands of the person from whom you took it. Time fails me to pursue this point further, but I commend it for your serious consideration.

One thing you can always do with these blank or order documents. You can always tell whether they have not been filled up within reasonable time, a condition which under section 20 is as imperative as the not exceeding the authority. If one of them is presented to you with the blank not filled up at maturity, in the case of a bill or on a somewhat stale cheque, I think you would be held to have seen that the conditions had not been complied with within a reasonable time, and ought not to accept any filling in at that date without enquiry.

With regard to crossed cheques, I do not see that in the case of a wages or order cheque, or a cheque "pay.....or order," without the blank filled up, the crossed cheques sections afford any protection.

Such documents are not cheques, and the payment of them would not, from the purely legal point of view, be made in good faith and without negligence.

I merely mention this in order that you may not suppose that the crossing and payment through a banker affords any special immunity. Crossed or not, the same risk, in my opinion, as I have previously pointed out, applies.

EXAMINATIONS IN BANKING SUBJECTS

THE following letter, addressed by Mr. G. W. Hodgetts, manager of the Bank of Toronto, St. Catharines, to the President and Executive Council of the Canadian Bankers' Association, was read at the annual meeting of the Association in October last:

"The thanks of our members are due to the Editing Committee of our JOURNAL for publishing in the current number Mr. D. R. Forgan's very able paper on 'Banking as a Profession.'

"After reading this paper, it occurred to me that perhaps the time has arrived in the history of our Association when a forward step ought to be taken in the direction of encouraging our younger members to make a study of certain subjects connected with their profession. No doubt much good has been accomplished by the essay competitions instituted some years ago, but these have not touched the rank and file of our associate membership. The founding of a 'Bankers' Scholarship' in connection with Toronto University, has drawn attention to the importance of acquiring such knowledge, but only a few have sought to attain it.

"Mr. Forgan rightly gives our Canadian system credit for being a much better training school for bankers than that of the United States. He also accepts the axiom that 'bankers, like poets, are born, not made,' but urges the young banker to study subjects connected with his profession.

"I am afraid many of our Associates devote too little of their spare time to reading or studying along the line of their calling. Athletic sports and social events are making increasing demands upon them, and the latest work of fiction is doubtless much more interesting reading than Maclaren on 'Banks and Banking,' or even the JOURNAL of the Canadian Bankers' Association. Sound bodies are as essential as sound minds, indeed a sound mind without a sound body is often useless, consequently hockey and such sports should be encouraged. Neither must the social side of our nature be

neglected, and bankers are pre-eminently social beings. Novel reading is a literary recreation, and affords the mind a relief after grappling with the daily round of business. All these things have their use and place, but the fact is very rapidly coming to be realized in mercantile and financial circles everywhere, that special training is as necessary for business efficiency and success as for professional proficiency and success. Such being the case, it becomes this Association to urge upon its Associates the giving of time and thought to acquiring knowledge that will render them more useful to their employers, and therefore more likely to receive promotion.

"I would beg leave to suggest to our Executive Council that they recommend a course of studies such as those prescribed by the Institute of Bankers in Scotland, referred to by Mr. Forgan, and that they consider whether it would be possible to encourage our members to pass examinations in some of these subjects, by offering diplomas or prizes to successful candidates. If all the banks support such a movement, I am sure it will be productive of much benefit, not only to the Associates but to the bankers themselves.

"In closing, I would refer to the recent opening of the London School of Economics and Political Science, as one of the signs of the times. This school proposes to offer to its students regular courses in Economic History and Theory, Statistics and their Application, and Political Science. Among the subjects to be treated in a supplementary course of lectures, open to the general public, are Chartered Companies, Foreign Banking, Principles of Local Taxation, Railway Law, and Finance. It is announced that the school will provide courses for the special training of railway and municipal officials, and the technical and commercial education required in order to prepare for the examinations of the London Chamber of Commerce and Institute of Bankers. This new departure in the field of education is not experimental, because the school is planned to meet certain needs in English life. Its establishment marks the advance in popular interest of economic and political science, and the general recognition of the fact that special training is needed in order to deal intelligently with these great subjects."

BANK ROUTINE

SUGGESTIONS FOR ECONOMIZING LABOUR

COLLECTIONS AND REMITTED ITEMS

MUCH time and stationery is unnecessarily spent in a bank in writing the names of banks and towns over and over again, in many instances the bank and town having to be written twice for the one item. A cursory glance at some of the registers will show what an amount of useless writing is done.

To remedy this, I would suggest that the banks adopt and recognize each other by their several initials, thus, let "C.B.C." stand for Canadian Bank of Commerce, "B.d'H.," Banque d'Hochelaga, and so on; "B.N.A.," "M.B.H.," "M.B.C.," are all self-explanatory and need no key, nor will duplicates in any case be found.

Next let every banking town in Canada have a designating number as hereinafter set forth, and *wherever the name of a town appears on bank stationery* let its *designating number* be *printed* or *engraved* with it, on drafts, customers' cheques, letter heads, etc. In this way a few letters and figures will replace a long bank name and its town on a register; should the item ever have to be referred to, and the town number not prove familiar, it is a small matter to look it up in the list, thus: "B.N.A. 229," stands for Bank of British North America, Montreal; "B.M. 714," Bank of Montreal, Victoria. The only time that the numbers would have to be referred to would be when the particulars of an item had to be looked up. A little thought on the matter will suggest innumerable ways in which such a system, generally adopted, would save in stationery, time and labour.

Whether the numbering of towns is considered worthy of attention or not, I would strongly suggest that the initials of

banks be considered sufficient on draft advices, letters, etc. There is no possible chance of a mistake as the initials are all dissimilar.

For a suggested provisional numbering I have taken an ordinary list of banking towns by provinces, and numbered them consecutively in alphabetical order, dividing the numbers as follows :—

Ontario	1 to 199
Quebec	200 to 299
New Brunswick and P.E.I.	300 to 399
Nova Scotia	400 to 499
Manitoba	500 to 599
N.W.T.	600 to 699
British Columbia	700 to ..

By this division the *provinces* are denoted; for example, a town in *Nova Scotia* would be represented by a number in the *400's*.

As regards towns which hereafter may become banking towns, I have a provision in mind, whereby they can be inserted in alphabetical order with the old ones, without interfering with the consecutive order of the numbers.

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Cheque Remitted Register:

NO.	DRAWER	TOWN	DATE	BANK	TOWN	PAYEE	SENT TO	AMOUNT
	E.	13	Oct. 22	B.M.	120	Jas. Brown	120	200
	P.B.H.	413	" 22	B.T.	229	E.	229	300
	B.N.A.	15	" 22	B.N.A.	120	E.	120	200

The application of the above system to other registers, etc., is easily seen from the above.

ACKNOWLEDGMENTS

The present cumbersome and laborious method of acknowledging and checking off acknowledgments of letters, would be greatly simplified if every bank would enclose in each letter requiring acknowledgment a private postcard (unstamped), *addressed to itself*, and bearing the same date as the letter accompanying it.

A bank receiving letters with such cards enclosed would simply stamp the cards with their dater, and either stamp them and mail forthwith or hold to enclose in a prospective letter.

As regards checking of acknowledgments on the return of the card, several ways suggest themselves, but I will simply mention two :—

1. Postcards can be numbered consecutively, and as the cards are returned they can be filed in consecutive order and bundled as each hundred is completed : any number outstanding after a reasonable time, can easily be traced by checking off a few of the neighbouring cards against the letter book.

2. A memo can be taken each day of the number of cards sent out, and as each day of returned post cards is completed, they can be filed away. Missing cards can thus be easily detected.

I do not think that many cards would be found to be missing, as no one would wish to cumber up his desk with these cards any longer than necessary, and a prompt return may therefore be relied on. Loss in transit is practically unknown. All the sending bank has to do is to date the cards with a dating stamp and enclose them ; all the receiving bank has to do is to use the bank dating stamp on the cards and either stamp or enclose them.

COLLECTIONS REQUIRING PRESENTATION BY MAIL

I think that if banks are going to continue charging for presenting collections by mail, it would be a good idea to come to a general understanding to that effect and attach ten cents in stamps or a special bank scrip *when the collection is sent.*

STEWART PATTERSON

EASTERN TOWNSHIPS BANK,
GRANBY, QUE., 20th Oct., 1898

THE HALIFAX BANKERS' ASSOCIATION

THE first general meeting of The Halifax Bankers' Association was held in the Church of England Institute on 2nd March, 1899.

The following officers were elected:

President—A. Allan, Inspector, Halifax Banking Company.

Vice-President—E. C. Helsby, Manager, Peoples Bank of Halifax.

Secretary-Treas.—H. W. Jubien, Union Bank of Halifax.

The reasons which prompted the formation of the Association are fully set out in the inaugural address of the President, which is given following:

PRESIDENT'S ADDRESS

Mr. Chairman and gentlemen,—I heartily congratulate the Association on the occasion of their first meeting. The attendance of so many members and interested friends at this first meeting augurs well for the association, and strengthens the hands of those who assumed the responsibility of its formation.

Barely a month ago a feeling was expressed that such an association as has to-night been inaugurated was desirable. A meeting of Bank officers was called and well attended, two Banks being represented by almost their entire staff. At this meeting the advantages and benefits to be derived from such an association were discussed, and the opinion of those present taken as to the desirability of its being formed. The vote in its favor was very unanimous. There was not, of course, the enthusiasm one would expect to find present at a meeting of hockey players. The latter appertains to sport, glorious and healthful, of which we all approve; the former was serious and had in it much that appertains to business, yet the meeting was most hearty in approval of the movement.

It was resolved that the staff of each Bank should elect from among themselves a representative to act on a committee to formulate a scheme for carrying on the business of the association. The committee met and recommended that the association be known as "The Bank Officers' Association of Halifax;"* that the objects of the society be defined as: The association of Bank officers for their mutual benefit with a view especially to increasing their knowledge of their profession, by means of study, papers, debates and discussions on all subjects of interest to them; that the society meet fortnightly; that a room be engaged in which meetings may be held; that the inaugural meeting be held on 27th Feb.;† that Mr. Allan, the committee's chairman, make the inaugural address; that the membership fee for the present term be not more than fifty cents; and that present cashiers and managers of Banks in Halifax be elected honourary members.

Another meeting of the committee was held, when it was found that five Banks having their head offices in Halifax had given their adherence to the association. The staffs of these five Banks, excluding the head officials, number in all 75, of whom 60 applied for membership.

The present meeting followed.

Turning to the objects of this association, and the reasons why it should exist: It may appear to some of you that these are self-evident, and to others that they have been, perhaps, abundantly explained already, yet there are those to whom they are not clear, if we are to judge by the questions asked. Permit me, therefore, to go over them now.

I do not believe there is in Halifax any cashier, manager, or head of a staff, who does not fervently wish that the members of his staff generally took a more hearty, intelligent, personal interest in their work—had a more thorough appreciation of the necessity for a well-trained intellect in the highly honourable business which is to be theirs for life—a business whose success is dependent upon the honest energy of each member of the staff.

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*Name adopted at meeting 2nd March, was Halifax Bankers' Association.

†Subsequently adjourned to 2nd March.

I am also convinced there are moments which come to each member of the different Banks' staffs—with more or less frequency according to the thoughtfulness of the man—when he wishes he had given more time at the beginning of his course to a study of the literature of Banking. He also perhaps deplored the fact that there is no association or club of Bank officers which has for its object the obtaining and diffusing of knowledge of banking subjects.

I was speaking the other day to an engineer about the intellectual requirements of his profession. He said he wished it were in his power to take again the fourth year of his college course. The thought occurred to me: This gentleman has had his fourth year, and regrets not having availed himself to the full of its advantages; but while he cannot take it over again, he can do the next best thing. The fourth year was designed to teach him to apply the knowledge gained to the purpose of gaining more knowledge—to continue studying; and if he is to so profit thereby he will keep his mind in touch with the great thinking minds of his profession, learn of them through engineering literature and conferences, and so become, according to his abilities, a thinker, a worker, and one known in his business.

And so with us. We regret the absence of opportunity of study of banking, or having neglected such opportunity as was afforded us.

This association will not offer you professors' lectures corresponding to a fourth year's course in banking. In humbler manner we hope by means of occasional lectures or papers read, debates and discussions, by the asking of questions on banking subjects, and the endeavour to find answers to them, to establish, in time, with the good will and application of the members, and the energy of the managing committee, an association of benefit to the younger Bank officers: and, we may hope, that inasmuch as they lend their assistance in this endeavour, the benefit will extend itself to senior officers also.

The managing committee very earnestly hope that all the senior officers will lend their kind assistance to the forwarding of this good work. In considering how this can be done—the delivering of addresses, the reading of papers on subjects having an interest to a banking staff, first suggest themselves.

These papers would have all the advantages of coming from gentlemen possessing the desired knowledge which arises from practice and theory combined. One may read many books of travel and thereby have a little knowledge of the countries described, but if one can find an educated and observant traveller who has visited those countries, our interest is revived, enlivened, increased, and his statement and our reading combined confirm and extend our knowledge. And so it would be with papers given by gentlemen experienced in the matters they discuss. We would feel we understood our reading better, and were more fitted to understand banking subjects, or even were more fitted to fill higher posts in the Bank when they fall to us.

The subjects which could be treated in papers to the advantage of an association of Bank officers are very numerous, and will readily suggest themselves to those disposed to write on them.

Debates and discussions will prove of interest to all members of the association. Here all can meet and participate in the evening's proceedings. Opinions can be expressed freely. There will be no lack of subject matter to proceed on; every day's experience, active brains and fertile imagination will furnish material.

The ordinary rules of debate will be followed.

In the matter of questions, where they cannot be satisfactorily answered when asked, a committee will take charge of them, and, in case of further need, the Bankers' JOURNAL has a department for answering questions, of which it urges us to avail ourselves. This association will serve a good purpose if it only leads its members to avail themselves of the kind and authoritative services of the JOURNAL.

I would like to impress upon the members how much the benefit accruing to them from this association is dependent on their own effort and ability. Given papers by any of the very capable cashiers, managers and senior officers, which Halifax undoubtedly possesses; given these efforts of varied experience, much observation and hard thinking, what is needed on the part of those to whom they are addressed? An intelligent, discerning attention. It is a pleasant thing to attend lectures.

We feel we are benefited intellectually; we get some instruction, and sometimes we are even amused. Few of us, however, get a tithe of the benefit the lecture was calculated to bestow. Who is to blame? Ourselves. A few of us take notes—some of us have a habit of mentally marking the best points, the truths the lecturer communicated so excellently. These we think out, afterward discuss them with others, and so they become part of our own stock of knowledge. But a great many make no effort to retain what is bestowed upon them. Some of us will derive more benefit from papers read than will others. This I would recommend to the reflection of all the members.

Debate and discussion are fruitful sources of information, assist apprehension, and clear away the fogs of mystery and error, when wisely and generously conducted. Let us be sure of our statements, enquiring into the facts of the case, ascertaining reasons and causes, and be more anxious to attain truth than score a point or corner an opponent.

Banking literature is very extensive, and will repay close study, though I do not deem it necessary that we should overtake all banking literature.

In ordinary general reading, a few well selected books are to an intelligent careful reader with a limited command of time much more valuable than diffusive reading. So with our studies; a few carefully selected works will best serve our purpose if they are carefully read.

The Bank Act of 1890 is that by which chartered banks in Canada live and move and have their being. I wonder how many bank officers in this room have read this document, not to say studied it. Next, there is the Bills of Exchange Act. Do we stand any better with regard to it? And yet these pieces of legislation are of the utmost importance to us as bankers. I do not say all the science of banking is contained in these two, but I do say every Bank officer in Canada ought to be conversant with them if he is to be a competent officer at all.

In connection with these are Maclaren's "Banks and Banking," and also Maclaren's "Bills of Exchange Act, 1890." These two are authoritative works by a Canadian lawyer on our

banking laws, with notes and discussions; the law relating to cheques, warehouse receipts, bills of lading, etc., decisions and practice.

I would next commend to your notice the JOURNAL of the Canadian Bankers' Association. Here we have at comparatively close intervals an authoritative presentment of banking legislation, legal decisions, legal advice by counsel of high standing, answers to questions of law and banking practice, information on matters of banking interest, banking history, valuable literary articles, and prize essays. I know of no periodical more worthy of careful perusal by Canadian Bank officers than the JOURNAL. If this association were to devote one of its fortnightly meetings to the review and discussion of the contents of the JOURNAL as it is issued, the association would have spent a profitable evening and have by no means exhausted the merits of the issue.

In talking of books, I wish to confine myself to-night to such as are Canadian as being sufficient for our purpose. But I am tempted to go further, owing to the merits of two books which possess great value for any one who will read them thoughtfully. One is an English book of which an excellent Canadian edition, annotated by Mr. Hague, has been published. I refer to Mr. Bullion's "Letters to a Country Banker." I would recommend it to all, and especially to those who may anticipate soon taking charge of a branch or agency.

The duties and obligations of a manager to his parent bank and to the public, his good points and his possible errors, his rights and his wrongs, the nature of good securities and bad ones, the misapprehensions a young banker is apt to entertain, most of the ins and outs of branch banking, are reviewed, and kindly and humourously commented upon. Wherein the English system differs from the Canadian is indicated by Mr. Hague.

The last book I will at present bring to your notice is Gilbart's "History, Principles and Practice of Banking," an English book, an old book, and the best of its kind. It is fully described by its title. It can be read with advantage by the youngest of us as well as the oldest.

In reading books such as I have mentioned, the object will be to obtain knowledge to assist us in our business. Allow me to suggest in that case that you read closely, take notes, re-read, compare, think over your reading, write down the best of your thoughts and reasonings, and by all means let us have here in our club the benefit of your study. Let no one shrink from so doing. The benefit to him will be great, as will also be the interest awakened in us in the subject he has treated.

I have drawn your attention to the study of books as a means of obtaining knowledge of banking. But knowledge comes not from books alone. It comes also from the practice of your profession. The attentive, hardworking junior, the careful teller, the intelligent, thorough accountant are students of their departments; and by observation and apprehension their powers and capacities increase. Let each officer strive to bring all the powers of his mind to understand the duties of his post, and how best to discharge them. This and the habit of observing what is the work of the other posts in the office will fit him to fill acceptably an advanced post when it is offered.

Study and practice are a fine going team; add to them a level head and a steady hand, and the goal is not so far distant.

Let me say a word to the juniors present. You are beginning your business. Begin it fair. Be careful of your handwriting, of your figures, of your spelling, of the simple arithmetical rules used in banks. These are your foundations. Be careful and lay them well. I know the school system tried to ground you in these foundations, but afterwards by hurry and scurry, multiplicity of studies, science, and irritation of nerves, destroyed these fair foundations. But it only means you will have to begin again, and in earnest if you would succeed.

There is no one in this room who does not wish for success in life. I only repeat an old well-worn truth when I say, "There is no success without labour." Says one American writer, "There is no genius in life like the genius of energy and activity." "Bankmen should be men of energy and activity," says another. "Fidelity is seven-tenths of business success." Let me add, fidelity to the institution which employs

you is simply your duty. Your bank has an undoubted right to your best services. In being faithful to your Bank you will be faithful to yourself.

You heard the other day that Mr. Joseph H. Choate had been appointed by the American Government to the exalted position of Ambassador to England. As a young man he had not the incentives to exertion of power as you and I have. He was wealthy and might have passed his life in ease; but he preferred to work. Work he did, and he attained success. He says, "I consider success to be the honestly performing a fair share of the world's work." His advice to young lawyers is "Study hard, be always honest, good-natured and persevering, and get all the practice you can."

The advice may be tendered to every young man in this room. Study hard, be always honest, courteous and obliging, persevering. Let no opportunity escape you of increasing your knowledge of your business; do all you can for your Bank.

The question has been asked, "Will this association not interfere with the Canadian Bankers' Association. We answer "No." The Canadian Bankers' Association is desirous that the chief officers of Banks in Halifax form a sub-section for the purpose of attending to the banking interests of Nova Scotia. We have nothing to do with that; nor do we conflict. Again, it has been asked: "Will not the Association interfere with the proposed examination of bank officers after the manner of Scotch banks by the Bankers' Association?" Again we answer "No." But also add that we see in this association a means of assistance and preparation for those very examinations, and if that should prove to be the case then this association will perform an important service.

In conclusion, I say again, the Halifax Bank Officers' Association exists for its members. I ask you to make use of it honestly, fairly, wisely. I do not ask you to struggle for its success; but I do ask you that you make it a stepping stone to your success. And then where will the Association stand? It will stand complete. In your success the Association has attained its great success.

A. ALLAN
President

THE GOLD STANDARD *

IT is perhaps safe to say that, from the monometallist's standpoint, the most valuable contribution to the literature of the monetary controversy is to be found in the volume recently issued under the above title. The book comprises 28 of the papers issued during the period 1895-1898 by the English Gold Standard Defence Association. The ground which it covers is comprehensively indicated by the following table of contents:

I.—General Statement of the Gold Standard Defence Association.

II.—Bimetallism Considered. By the Rt. Hon. Sir John Lubbock, Bart., M.P.

III.—The Measure of Value and the Metallic Currency. By the Rt. Hon. Lord Farrer.

IV.—Gresham's Law. By Mr. Henry Dunning Macleod.

V.—The Scientific Theory of Bimetallism. By Sir Robert Giffen, K.C.B.

VI.—The Quantitative Theory of Money and Prices. By the Right Hon. Lord Farrer.

VII.—The Old Bimetallism and the New. By Sir Robert Giffen, K.C.B.

VIII.—Is Gold Scarce? By the late Mr. Ottomar Haupt.

IX.—Bimetallism and Legal Tender. By the Rt. Hon. Lord Farrer.

X.—What is the Appreciation of Gold, and what is its Effect on the Prices of Commodities and Labour? By the late Rt. Hon. Lord Playfair, P.C., G.C.B.

XI.—England's Adoption of the Gold Standard. By the Rt. Hon. Lord Farrer.

XII.—Is it only England that "Blocks the Way?" By the Hon. George Peel.

XIII.—The House of Commons and Bimetallism. With a Speech delivered by the Rt. Hon. Sir Michael Hicks-Beach, Bart., M.P., during the bimetallic debate in the House of Commons on March 17th, 1896.

XIV.—The Probable Effects of International Bimetallism. By the Rt. Hon. G. Shaw-Lefevre.

* London, Paris, New York and Melbourne: Cassel & Company, Limited.

XV.—Bimetallism and the Woolen Worsted Trades. By Mr. H. H. Spencer.

XVI.—Bimetallism and Agricultural Depression. By the Rt. Hon. G. Shaw-Lefevre.

XVII.—Has the Gold Standard made the Rich Richer and the Industrious Poorer? By the Rt. Hon. Lord Farrer.

XVIII.—Bimetallism in France. By Mr. Henry Dunning Macleod.

XIX.—The Working of Bimetallism in the United States. By the late Rt. Hon. Lord Playfair, P.C., G.C.B.

XX.—Germany and the Gold Standard. By Dr. Karl Helfferich.

XXI.—Our Colonies against Bimetallism.

XXII.—Why Canada is against Bimetallism. By Mr. B. E. Walker.

XXIII.—Why Australia believes in a Single Gold Standard. By Mr. R. L. Nash.

XXIV.—The Monetary Issue in the United States. By Mr. Horace White.

XXV.—The Bimetallic Campaign in France. By M. Yves Guyot.

XXVI.—The Bimetallic Report of the Agricultural Commission—A Reply. By the Rt. Hon. G. Shaw-Lefevre.

XXVII.—The Bimetallic Negotiations and their Results.

XXVIII.—The Latest Phase of the Bimetallic Movement. With Speeches delivered by the Rt. Hon. Lord George Hamilton and the Rt. Hon. Sir Wm. Harcourt, Bart., M.P., in the House of Commons on March 29th, 1898.

From no other single publication is it possible to obtain so complete an outline of the grounds upon which the controversy has been waged by both sides; while the practical aspects of the case for monometallism are nowhere dealt with more fully. The Gold Standard Defence Association has had a vigorous existence, and the work they have accomplished for the cause of sound money will be of lasting value.

The position of bimetallism—if bimetallism can now be said to have a position—is so clearly indicated in the paper with which the labours of the Association have for the present been suspended, that we have thought it well to give space to it in the present number of the JOURNAL.

THE BIMETALLIC NEGOTIATIONS AND THEIR RESULTS*

1. For upwards of seventeen years the Bimetallic League has been engaged in an agitation for the adoption of bimetallism by this and other countries. It has hoped thereby to rehabilitate silver, by opening the mints of all countries to its free coinage at a fixed international ratio to gold, and by making it a legal tender for debts equally with gold.

It has never, however, committed itself to the support of a specific scheme; and whenever challenged on the subject, the principal supporters of the League declined to state what ratio in their opinion should be adopted between silver and gold as the basis of the proposed international arrangement—whether the old ratio of 15½ to 1, existing before 1873, or the ratio which has existed from time to time since that year in a constantly falling market for silver, and which of late has been about 34 to 1.

2. The Gold Standard Defence Association, on its part—formed for the purpose of defending our existing monetary system against these attacks—has uniformly maintained the supreme and vital importance to this country of maintaining intact its single gold standard. It has affirmed that it is impossible, by international arrangement or otherwise, to secure the maintenance of any fixed ratio between the two metals, which may be determined on at the outset of any such bimetallic arrangement; and it has shown that the past experience of this and other countries fully confirms this view. It has contended that, in order to appreciate fully the probable effects of any such bimetallic scheme, it is essentially necessary to be informed as to the ratio which it is intended to prescribe between the two metals. It is also pointed out that it was all but certain that the governments of France and the United States, owing to

*Paper No. 30, The Gold Standard Defence Association.

their enormous stocks of silver, acquired at high prices, would not propose or assent to any other ratio than that of about 15½ to 1; and that any attempt to revert to this ratio, and thus to double by one stroke the value of silver in relation to gold, and to produce unknown effects on gold in relation to other commodities, would cause convulsions in the trade of the countries which should attempt it, and consequently of our own also, of a most serious and dangerous character.

3. In the course of the past summer bimetallists of the United States, France and our own country conceived the idea of promoting their bimetallic ideas by adopting a scheme which would not in express terms interfere with the gold standard of the United Kingdom. In furtherance of these views a definite proposal was made to our government by those of France and the United States that the United States, French and Indian mints should be reopened to the free coinage of silver, and that our government, while nominally maintaining the gold standard in the United Kingdom, should give assistance to the bimetallic arrangement between these other powers by measures favouring the use of silver, and therefore increasing the demand for it. This scheme was based, as we always predicted would be the case, on the establishment on the part of France and the United States of a ratio between silver and gold of 15½ to 1.

4. The two main features of the scheme were (1) the reopening of the Indian mints to silver only, and the opening of the mints of France and the United States to the free coinage of silver—to be interchangeable with gold at the above ratio; and (2) the substitution of silver for gold in the reserve of the Bank of England to the extent of one-fifth of that reserve, and other measures favouring the use of silver. This scheme, in its main features, received the favour and support of bimetallists in this country. No sooner, however, were the details presented in a practical form, than they created widespread alarm and consternation among commercial classes, and the scheme was finally rejected by Her Majesty's government, with very general assent, as impracticable.

It has served the purpose, however, of showing how great a distinction there is between a definite scheme presented for practical adoption, and the indefinite and plausible generalities

on which the Bimetallic League and its supporters have carried on their agitation for so many years. In this view we feel it to be necessary, if only as a warning for the future, to put on record a narrative of the origin, progress, and collapse of this scheme.

5. It appears that the scheme had its inception, so far as this country is concerned, in the great debate on bimetallism in the House of Commons on March 17th, 1896. That debate was remarkable, on the one hand, for the powerful speech of the Chancellor of the Exchequer (Sir M. H. Beach), in which he repudiated in the strongest possible terms any attempt to tamper with the gold standard of this country; and, on the other hand, for a no less remarkable and emphatic statement of the First Lord of the Treasury (Mr. Arthur Balfour), in which he held out a distinct promise on the part of the government to reopen the Indian mints to the free coinage of silver, in order to facilitate the adoption of bimetallism by other countries than our own. As there was no attempt to disguise the difference of principle between these two high authorities on the subject of Bimetallism, it may be permitted to us, without importing party politics, to conclude that their speeches were the result of contending views in the Cabinet, and that in return for the concession, on the part of the bimetallic members of it, that no attempt should be made to interfere with the gold standard of this country, the monometallic members, on their part, agreed to entertain a compromise. The Chancellor of the Exchequer at the close of his speech, distinguished by its firm insistence on principle and its sound economic views, said: "If it be possible "for other nations to be joined in a bimetallic league, or in an "agreement on this matter which seemed good to themselves, I "have little doubt but that the Indian Government would be "prepared to agree with us in reopening the Indian mints to "the free coinage of silver, and that we might endeavour by "other minor means to promote the increase of silver in coin-"age to aid in an international agreement on this great question. "But we can go no further. This great capital is the monetary "centre of the world. Our trade and commerce are probably "greater than any other country has ever enjoyed. Our wealth "is enormous. It arises from investments and enterprise in

"every quarter of the globe, and the great majority of the men, "able and experienced financiers, who control the working of "this gigantic machine, are of opinion that it has been built up "on a gold standard, and that its permanence depends upon the "maintenance of our monetary system."

6. In the earlier part of his speech, however, he had thrown the gravest doubts on the possibility of any such agreement among other governments. "We cannot," he said, "alter the "gold standard of the United Kingdom; but with that reserva- "tion we are prepared to do all in our power to secure by inter- "national agreement a stable monetary par of exchange between "gold and silver. What are the prospects of any such agree- "ment? I fear they are not very brilliant. It will be remem- "bered that in the Conference of 1893 the United States "proposed a bimetallic resolution. It was opposed by Ger- "many, by the Scandinavian nations, by Switzerland and by "Austria, who declared themselves gold Monometallists. "France and the Latin Union were only prepared to accept it "if Great Britain, Germany, Austria, and Russia would join the "union; so that the resolution fell to the ground, and the vital "question of what the ratio should be in the event of such an "international agreement was never even touched."

On the subject of this vital question—the ratio—he said, with prophetic vision, "I am told that the United States would "probably desire that the old ratio of 15½ or 16 to 1 should be "adopted. In view of the present market price of silver, it "seems to me that to fix any such ratio would be an act of "absolute dishonesty to creditors. It would simply mean that "kind of financial panic with all its possible results to the "credit of the country which has been in previous debates "frequently alluded to by some of the highest authorities."

"I have expressed, I think, very frankly my own opinions "on this important subject to the House, but it is very well "known that there are some of my colleagues who do not agree "with these opinions, and who, like my right honourable friend "the First Lord of the Treasury (Mr. Balfour), are confirmed "and pronounced bimetallists. But we all agree in this, that "we should not be justified in proposing or accepting a depar- "ture from the gold standard of the United Kingdom."

7. The First Lord of the Treasury, in closing the debate, emphasized the conclusion arrived at by the Cabinet as a whole.

"My right honourable friend," said Mr. Balfour, "had a "perfect right to speak as he has spoken. He is a believer in a "single standard, as I am a believer in a double standard. We "are absolutely agreed as to the policy to be pursued."

"It appears to me," Mr. Balfour continued, "that the "House is pledged, after the speech of the Chancellor of the "Exchequer, to do as much, or more, for the bimetallic system, "and for the rehabilitation of silver, as it is in the power of any "foreign country to do. With this resolution we go to foreign "nations and tell them that though you can hardly ask us to "make this great change in our habits, we will do for you as "much as you can do for yourselves; we will make this great "contribution to a bimetallic system. We will go back upon "the deliberately arranged method of providing a currency for "India; we will reopen the Indian mints; we will engage that "they shall be kept open, and we shall therefore provide for a "free coinage of silver within the limits of the British Empire "for a population greater in number than the populations of "Germany, France and America put together. I do not think "that will be regarded by foreign nations as a slight contribution "to a great problem. I think, on the contrary, they will feel "that in carrying out that great alteration and smaller changes, "which have been accepted by previous Administrations, and "will be accepted by this Administration, we shall be contribut-"ing our share towards that great object, which, if foreign "nations are willing, can, I believe, be carried into effect."

8. It will be observed that nothing was said by Mr. Balfour as to the ratio to be fixed between silver and gold in any such arrangement with regard to the opening of the Indian mint. It is probable, judging by the light of subsequent events, that the Indian government was not consulted before this wide declaration of policy was made on its behalf. It is certain, at all events, that it did not consent to an arrangement based on a reversion to the old ratio of $15\frac{1}{2}$ to 1.

9. It was to be expected that, in view of the statements thus made by our government in the House of Commons, the United States Government, which was pleged at the last Presi-

dential Election to promote an international arrangement for bimetallism, would respond to it by sending a mission to Europe to negotiate in this direction.

Accordingly, towards the close of 1896, Mr. Wolcott came to Europe to sound the ground, and returned to report to Mr. McKinley the result of his investigations. On the faith, apparently, of this report, Mr. Wolcott and two other Commissioners were sent by the Government of Washington in May last to Europe, with powers to negotiate.

10. The commission, thus headed by Senator Wolcott, of the great mining State of Colorado, proceeded first to France, where it won the support of M. Meline, the present Prime Minister. Towards the close of May last a banquet was held in Paris under the auspices of the French bimetallists. M. Meline on that occasion made a speech, in which he described himself as "always a faithful soldier under your flag," and talked of "groans and lamentations which are heard throughout the whole world of labour." Finally, addressing Mr. Wolcott, he declared that "our support will not be wanting," and he proved as good as his word. Fortified by the active support of the French Ambassador, the American Commissioners opened dealings with our Cabinet in July last, and on the 12th of that month a meeting took place between the envoys and a committee of the Cabinet consisting of Lord Salisbury, Mr. Balfour, Sir M. H. Beach and Lord George Hamilton, representing the various departments interested.

11. The envoys commenced the proceedings with the request "that England should agree to open English mints as its contribution to an attempt to restore bimetallism," and the ratio at which silver was to be rated to gold was 15½ to 1. In other words, this country was actually to surrender its gold standard and accept unlimited quantities of silver at about double its market price. It is obvious that this proposal was put forward with the expectation that it would not be accepted, and that it would be withdrawn in favour of a more moderate proposal. It was promptly negatived by the Chancellor of the Exchequer, and then the First Lord of the Treasury (Mr. Balfour) asked whether "it was desired that the subject be dis-" cussed upon the basis of something different and less than the

"opening of English mints." The bimetallic envoys thereupon produced another programme, intimating that it was presented "as a list of contributions which, among others, England might "make towards bimetallism."

12. This compromise, these "contributions," this catalogue of concessions which, "among others," we were to make, were as follows:

(1) Opening of Indian mints, and repeal of the order making the sovereign legal tender in India.

(2) Placing one-fifth of the bullion in the Issue Department of the Bank of England in silver.

(3) (*a*) Raising the legal tender limit of silver to, say, £10. (*b*) Issuing 20s. notes based on silver, which shall be legal tender. (*c*) Retirement, gradual or otherwise, of the 10s. gold pieces, and substitution of paper based on silver.

(4) Agreement to coin annually £ of silver, or (as an alternative proposal) to purchase each year £ in silver at coining value. *

(5) Opening of English mints to coinage of rupees and for coinage of British dollar, which shall be full tender in Straits Settlements and other silver standard Colonies, and tender in the United Kingdom to the limit of silver legal tender.

(6) Colonial action, and coinage of silver in Egypt.

(7) Something having the general scope of the Huskisson plan.

This proposal in its entirety was based on the adoption by France and the United States of the ratio of 15½ to 1.

13. It was stated by Mr. Wolcott that this scheme was founded on the proceedings in the English House of Commons on March 17th, 1896. He said that a complete and satisfactory preliminary understanding had been arrived at with the French Government. When asked as to the ratio, he said that the

* At a later stage of the proceedings "the Special Envoys accepted also as important and desirable the proposal (of France) that the English Government should purchase annually, say, £10,000,000 of silver."

French Government preferred the ratio of 15½ to 1, and the United States Government were inclined to yield this point and accept it as a proper ratio.

The Chancellor of the Exchequer suggested that if the Indian mints were to be opened England might be held to be interested in the ratio, but the special envoys did not accede to this view, and called attention to the fact that by opening the Indian mints the English Government did not thereby adopt bimetallism in any form.

14. On July 15th there was another meeting of the envoys with the Committee of the Cabinet, at which the Chancellor of the Exchequer stated definitely that the English Government would not agree to open the English mints to the unlimited coinage of silver, and that whatever views he and his colleagues might separately hold on the question of bimetallism, he thought he could say they were united on this point.

In the course of this meeting the French Ambassador stated that the ratio of 15½ to 1 had not been arbitrarily conceived. The men of great scientific worth who had recommended it to the adoption of the Legislative Power had made long and careful preliminary investigations, and they reached the conclusion that the figure 15½ to 1 represented the average ratio of the value of the two precious metals.

It was ultimately arranged that the matter should stand over until the Indian Government had been consulted.

15. It is to be noted that coming events had already begun to cast their shadows before. In June the Royal Commission on Agriculture made its report, and the majority of the Commission, including two members of the Cabinet—Mr. Chaplin and Mr. Long—made a separate report in which they expressed the fear that the agricultural classes might consider the recommendations of the main report "barren and practically useless." They proceeded to attribute the depression of agriculture to monetary causes, the appreciation of gold, the demonetization of silver, and to the stimulus given to the export of wheat and other produce from India and other silver-standard countries by the great fall in price of silver. They concluded with this paragraph: "We do not suggest that the gold standard should be "abandoned in this country, but we think that if a conference

"of the powers was assembled, and their deliberations resulted "in an international arrangement for the reopening of the "mints abroad and in India, and the restoration of silver, "either wholly or partially, to the position which it filled prior "to 1873, it would be of the greatest benefit to the industry of "agriculture."

It is impossible to believe that two Cabinet Ministers would have persuaded their colleagues in the Commission to adopt this suggestion of opening the Indian mints, on which evidence had not been taken, if they had not the best reasons for believing that the Cabinet would adopt this course, and that there was every prospect of its being carried out.

16. Apparently the government, or at least the bimetallic members of the government, had no doubt as to the willingness of the Indian Government to accede to the proposed arrangement. The bait held out to the Indian Government of a fixed rate of exchange at a great advance over the then rate was considerable. The offer was subject to the condition that the ratio to be aimed at by France and the United States was $15\frac{1}{2}$ to 1, and our government had not apparently at this time considered what would be the effect upon the commerce of India or of the rest of the world of the sudden and enormous artificial increase in the relative value of silver to gold. The Indian Secretary, Lord George Hamilton, forwarded the proposals of the envoys to the Governor-General, with a despatch dated August 5th, in which he commended them, and reminded him "that in 1892 "the policy of closing the mints was only recommended by your "Excellency's predecessor in Council on the ground that an "international arrangement, similar to that which is now con-"templated, was not then obtainable."

17. The government also commenced a negotiation with the Bank of England for the purpose of obtaining its consent to give effect, if necessary, to the second of the heads of the scheme, that for substituting silver for gold in its reserve to the extent of one-fifth. We do not know as yet the details of this negotiation. But the Governor of the Bank of England wrote a letter to the Chancellor of the Exchequer agreeing on the part of the bank to this proposal, which was authorized under the Bank Charter Act of 1844, "provided always that the French

"mint is again open for the free coinage of silver, and that the "prices at which silver is procurable and salable are satisfac- "tory."

18. Hitherto the details of the negotiation with the Wolcott mission had not transpired; but when it became known by an unofficial announcement in the *Times* of September 11th that the Bank of England had fallen in with a suggestion from America that it should hold one-fifth of its reserve in silver, there arose at once considerable alarm on the subject in the commercial world.

This was to some extent allayed for a few days by a letter in the *Times* of September 13th, from Mr. H. R. Grenfell, one of the senior members of the Bank Court, and one of the leaders of the bimetallist movement, which was generally understood to imply a denial of the whole affair. It demanded on what ground the writer of the remonstrance had presumed to make such an assertion. It proceeded, however, to justify the proposed action by reference to past proceedings; and it was later explained by Mr. Grenfell that he had not intended to deny the fact of an agreement. All doubts on the subject were set at rest on September 16th, at the half-yearly Court of the Bank of England, when the Governor read a letter to the Chancellor of the Exchequer, dated July 29th, in which, with two stipulations, he had assented to the proposal in question. This, taken in connection with Mr. Grenfell's ambiguous letter, gave rise to the suggestion that the directors of the bank generally had not been consulted on the matter, and that it was desired to rush the matter through without discussion. However that may have been, there was no hesitation in the expression of public opinion on the subject in the City of London and other centres of the commerce and industry of the country.

19. When it had come to this, that we were to tamper with the settled policy of the Bank of England, and to enter into negotiations for importing a great volume of silver into our currency, for the benefit of certain interests other than those of the British public, it was too much.

There was then heard in no uncertain tone the voice of the British press and of the British people. If this was a compromise, they would have none of it; if this was the "something

different and less" of the First Lord of the Treasury, how ruinous must be the total scheme of the greater bimetallism!

20. These considerations powerfully affected the public mind.

The committee of the London Clearing House Bankers on September 22nd resolved:—"That this meeting entirely disapproves of the Bank of England agreeing to exercise the option permitted by the Act of 1844 of holding one-fifth, or any other proportion whatever, of silver, as reserve against the circulation of Bank of England notes."

21. A memorial extensively signed in the City of London, addressed the Chancellor of the Exchequer as follows:—

"SIR,

"We, the undersigned, are engaged in various Mercantile, Banking, and Financial enterprises in the City of London, of no slight magnitude, and we are therefore deeply interested in all that affects the monetary position of the country, the credit of the bank note and the solvency of Banking Institutions.

"We are aware of the visit of the Delegates from the President of the United States to this and other countries, but have no authoritative information as to the nature of their proposals. From the communication of the Governor of the Bank of England to yourself lately made public, and from general report, we cannot but assume that negotiations of some sort touching the metallic currency of this country are proceeding.

"We feel impelled by a strong sense of duty respectfully to lay before Her Majesty's Government the following four considerations, the great importance of which we trust may be apparent:

"1. That no alterations should be introduced affecting the circulating medium of this country, except after full discussion in parliament and by the public at large, so that the changes proposed may have as ample consideration as their importance deserves.

"2. That under no circumstances whatever should the pledges of successive governments as to the British £ sterling and the single gold standard of this country be set aside, either directly or indirectly; and that no step should be taken by or with the consent of our government which has for its object any alteration in the value of that standard.

"3. That this country alone of the great nations of the "world enjoys under her mint regulations a coinage "system absolutely free from embarrassments, inter- "nal or external, and we conceive that any depar- "ture therefrom in the direction of reliance upon "engagements with other countries would be a "fatal mistake.

"4. That the mints of India being closed (as to the policy "of which we express no opinion), a state of cir- "cumstances has arisen in which the greatest "caution is necessary, whatever may be the next "step which the Indian Government may be advised "to take; but we urge that no retrograde step be "taken except upon as exhaustive an enquiry as "that which led up to the present position, and then "only if Indian interests will be primarily benefited "thereby.

"We most strongly urge the foregoing considerations upon "Her Majesty's Government, speaking (as we believe we are "justified in stating) with some little knowledge of the problems "involved and of the interests at stake; and we are prepared, "if necessary, to give our reasons at length if it be your wish to "receive a deputation."

Similar remonstrances were forwarded by a large body of the most influential manufacturers, merchants, and bankers of Lancashire, and also by the heads of the Associated Stock Exchanges.

22. The Canadian bankers cabled to London an admirable survey of the situation. They gave reasons for their conviction that "silver is entirely unsuitable as a basis for the operations "of banking and commerce," and proceeded as follows:—

"Having, therefore, these convictions, the fruit of long experi- "ence and observation of the conditions of currency matters "in various countries, this association must view with much "apprehension any measure proposed to be taken by financial "authorities in the mother country which would tend even "remotely to the establishment of silver as a basis of banking "obligation. They express hearty approval of the action of the "bankers of London in protesting against the holding of the "silver by the Bank of England as part of its reserve, the "reserve held by that bank being the ultimate reserve for the "whole United Kingdom, as such holding must impair to the

"extent to which it is held the ability to maintain the gold "standard, and give encouragement to those who favour the "delusive and impracticable theories of bimetallism, and so "endanger the great fabric on which the banking of Great "Britain has rested for generations to the incalculable advant- "age of the world. They finally reiterate their conviction that "a double standard of value of obligation is delusive and im- "practicable, that of the two standards gold is incomparably "the most desirable, and that the Dominion of Canada having "all its obligations, public, private and corporate, resting on "and being so long and honourably established on this most "solid basis, any attempt to disturb the same or any measures "having a tendency in that direction should be met with strenu- "ous resistance."

23. This action brought upon the memorialists most unreasoning abuse from bimetallic authorities. Seldom has anything wilder been written than the letter of Professor Foxwell, which was read amid cheers at a bimetallic meeting at Manchester on October 12th. The Professor referred to the petition of the London bankers—which only asked that the promises of the government to maintain the gold standard of this country should be fully maintained, and that before anything should be done in the direction of reopening the Indian mints there should be as full an enquiry as that which led up to the present position —as "the noisy and irrational clamour of middlemen," actuated by their personal interests, and whose object was "to aggrandise "the creditor by increasing the real value of the money in "which his debt is expressed."

24. In the meantime it became generally known that the Indian Government had been consulted as to the wider and yet more important proposal of the Wolcott Commission that its mints should be thrown open to the coinage of silver.

Lord Farrer, in letters to the *Times*, called attention to this subject. "From the best accessible information," he said, "I "believe the Wolcott Commission to have made a proposal to "reopen the Indian mints to silver, on the understanding that "the United States and France shall open their mints to silver "at a ratio of 15½ to 1." Lord Farrer pointed out the extreme difficulties and dangers attending the proposal.

His letters were replied to by Lord Aldenham and Mr. H. R. Grenfell, the president and vice-president of the Bimetallic

League, in a letter to the *Times* of October 4th, in which they did not deny or express any doubt as to the information given by Lord Farrer. They accepted practically his statement of facts, and they said :—

"We desire to state that in our opinion the time for aca-"demical discussion has now gone by, and that the question has "become one of practical politics." They added that if the present negotiations were successful there would be no further bimetallic agitations, and they concluded :—"As we believe that "the great commercial nations are fully alive to the dangers "which would attend any failure of the negotiations, we have "every reason to hope that this compromise will be accepted."

25. It is clear that this compromise included not only the opening of the Indian mints, but also the proposal for the partial substitution of silver for gold in the reserve of the Bank of England, and other measures for promoting the use of silver in this country. It must also be taken for certain that they were aware that the ratio of 15½ to 1 was the one proposed. Lord Farrer had based his objections largely on this ratio. Lord Aldenham and Mr. Grenfell would have made a reservation on the point if they had seen objection to this ratio. We have it also on the authority of Mr. Herbert Gibbs, another prominent member of the Bimetallic League, and son of Lord Aldenham, that bimetallists were aware that this ratio was proposed.

"We," he said in a letter to the *Times* of November 6th, "and no doubt everyone else felt certain that the ratio to be "proposed, in the first instance at all events, would have been "15½ or 16 to 1, because no other ratio has as yet been discussed "in the United States and France."

26. The organ of the bimetallic movement in the monthly magazines, the *National Review*, was also engaged in writing, in the months of July to October, the strongest possible articles in favour of the so-called compromise, which it assumed had been offered by Mr. Wolcott, and which it asserted would be accepted by the government. In an editorial statement in July it was said :—

"Our readers may take it from us as beyond all doubt that "Lord Salisbury's Government is willing to reopen the Indian

"mints in aid of an international settlement of the monetary "problem. They are also willing to make further substantial "contribution towards the rehabilitation of silver by extending "its use in England. By increasing the legal tender of silver, "by making silver the basis for notes, by empowering the Bank "of England to use silver as a reserve, and in other ways, such "as the famous Huskisson proposals, powerful material assist- "ance and strong moral support will be given to the object "which the United States and France have in view."

And in August it was said:—"It is now generally recog- "nized, except by the ostriches, that Great Britain's chief con- "tribution to an international settlement of the silver question "will be the reopening of the Indian mints, which all who "appreciate this question regard as a splendid subscription to "the common pool."

"Beyond the reopening of the Indian mints the present "government are prepared to propose a more extended use of "silver in Great Britain by making it the basis for notes, raising "its legal tender, and making it a part of the bank reserve."

27. It never appears to have entered into the calculations of Lord Aldenham and Mr. Grenfell, or of the editor of the *National Review*, that the Indian Government would refuse its sanction to the proposal.

But at the very time when Lord Aldenham and Mr. Grenfell wrote the letter to the *Times* which we have quoted, and when the last of the editorials appeared in the *National Review*, the scheme of the Wolcott commission had practically received its death-blow at the hands of the Indian Government.

28. The conclusive despatch in which the Indian Government condemned, root and branch, the proposal to reopen its mints upon the terms suggested was dated September 16th.

In the course of it the following cogent arguments, among many others, are specially worthy of notice:

The first result of the suggested measures, if they even temporarily succeed in their object, would be an intense disturbance of Indian trade and industry by the sudden rise in the rate of exchange, which, if the ratio adopted were 15½ to 1, would be a rise from about 16d. to about 23d. the rupee. Such a rise is enough to kill our export trade, for the time at least. If the public were not convinced that the arrangement would have the effect

intended, or believed that it would not be permanent, the paralysis of trade and industry would be prolonged and accompanied by acute individual suffering, none of the advantages expected would be attained, and the country would pass through a critical period which would retard its progress for years. How long the crisis would last before normal or stable conditions were restored it is not possible to conjecture. It would be long even if the mercantile and banking community saw that silver was being steadily maintained at the prescribed ratio, while any indication of unsteadiness would greatly prolong the period by giving foundation for doubt. If the doubt should happen to be justified by the results, the position would be disastrous alike to the State, to individuals, and to trade generally. The exchange value of the rupee having risen suddenly, without any intermediate steps, from 16d. to some higher figure, it would fall quite as suddenly to a point far lower than its present level, probably to 9d., or even lower. Such a fall would, apart from other disastrous results, necessitate the imposition of additional taxation to the extent of many crores.

We may here remind your Lordship that such an agreement as is proposed is an infinitely more serious question for India than for either the other two countries, for it seems clear that practically the whole risk of disaster from failure would fall on India alone. What would happen in each of the three countries if the agreement broke down and came to an end? France possesses a large stock of gold, and the United States are at present in much the same situation as France, though the stock of that metal is not so large. It may be admitted that if no precautions were taken these gold reserves might disappear under the operation of the agreement, and in that case, if the experiment ultimately failed, the two countries concerned would suffer great loss. But it is inconceivable that precautions would not be taken, at all events so soon as the danger of the depletion of the gold reserves manifested itself, and, therefore, it is probable that no particular change would take place in the monetary system of France or the United States, the only effect of the agreement being a coinage of silver which would terminate with the termination of the agreement. Thus the whole cost of the failure, if the experiment should fail, would be borne by India. Here the rupee would rise with great swiftness, it would keep steady for a time, and then, when the collapse came, it would fall headlong. What course could we then adopt to prevent the fluctuation of the exchange value of our standard of value with the fluctuations in the price of silver? We do not think that any remedy would be open to us, for if the Indian mints were reopened to silver now, it would, in our opinion, be practicably impossible for the government of India ever to close them again, and even if they were closed, it would only be after very large additions had been made to the amount of silver in circulation.

Moreover, it seems to us somewhat unfair to expect that India should, after its struggles and difficulties of the last decade, consider itself on the same plane in the discussion of these projects as France and the United States. India has, since 1893, passed through a period of serious tension and embarrassment alike to trade and to the government. We are satisfied that, great as have been the troubles which have attended this period of transition, the attainment in the end of the paramount object of stability in exchange is worth more than all the sacrifices made. We believe that our difficulties are now nearly over, and that we shall, in the near future, succeed in establishing a stable exchange at 16d. the rupee by continuing the policy initiated in 1893.

We have given very careful consideration to the question whether France and the United States are likely, with the help of India, to be able to maintain the relative value of gold and silver permanently, at the ratio they intend to adopt, and have come to the conclusion that while we admit a possibility of the arrangements proposed resulting in the permanent maintenance of the

value of gold and silver at the ratio of 15½ to 1, the probability is that they will fail to secure that result, and that it is quite impossible to hold that there is anything approaching a practical certainty of their doing so.

For these reasons alone, without taking into consideration the objections based on the particular ratio proposed, which we shall separately discuss, we have no hesitation in recommending your Lordship to refuse to give the undertaking desired by the governments of France and the United States. We are quite clearly of opinion that the interests of India demand that her mints shall not be opened as part of an arrangement to which two or three countries only are parties, and which does not include Great Britain.

We note that the proposals of the governments of France and the United States are subject to the proviso that they are satisfied that they will receive assistance from other Powers in increasing the demand for silver. We believe that a limited increase of the quantity of silver used as currency will exercise a very trifling influence, if any, in raising the gold price of silver, and that the only assistance from other Powers which can be of any real value would be the addition of other countries to the bimetallic union of France and the United States.

We believe, however, that whatever inducements are held out to us by other nations, our best policy in monetary matters is to link our system with that of Great Britain. Our commercial connections with that country are far more important than those with all the rest of the world put together, and more than a sixth part of our expenditure is incurred in that country, and measured in its currency. The advantages, which in this respect we gain by following the lead of Great Britain, are not obtained, or not fully obtained, if we become members of a monetary union in which Great Britain takes no part.

So far, the arguments we have offered, in discussing the chances of success or failure of the arrangement, have been independent of consideration of the precise ratio proposed by France and the United States. We have objected to the arrangement on grounds which apply to it whatever be the ratio adopted, but we must add that our objections are greatly strengthened by the fact that so high a ratio is proposed as 15½ to 1. It seems to us that the difficulty of making the arrangement effective will be immensely increased by the adoption of a ratio differing so widely from the present market ratio. Indeed, even if it could be maintained successfully, we should object to that ratio in the interests of India, and we recommend that your Lordship should, on behalf of India, decline to participate in or do anything to encourage the formation of a union based on that ratio.

In any case, we are of opinion that the true interests of India demand that any measures for attaining stability in the rate of exchange between gold and silver should be based upon a rate not greatly differing from 16d. the rupee, and that any measure which would raise the rupee materially higher than that level involves great dangers, for which we see no adequate compensations.

The conditions under which we have had to reply to your Lordship's despatch preclude our consulting the commercial and banking communities in this country, although the subject is one in which they are, as we have explained, most closely interested. It was only after prolonged public discussion, and after a formal examination by a committee of experts that the policy of 1893 was adopted; and if we thought it our duty to advocate a change in that policy instead of to set out the strong objections which we see to its abandonment, we would, nevertheless, strongly deprecate any steps of the kind being taken without the fullest preliminary consideration on the part of the banking and commercial bodies in this country.

To sum up, our reply to your Lordship's reference is a strong recommendation that you should decline to give the undertaking desired by France and the United States. Our unanimous and decided opinion is that it would

be most unwise to reopen the mints as part of the proposed arrangements, especially at a time when we are to all appearances approaching the attainment of stability in exchange by the operation of our own isolated and independent action.

This crushing despatch, all the more remarkable inasmuch as it proceeded from a government which, but a short time ago, was theoretically in favour of International Bimetallism, must have reached the Indian Secretary in full within a fortnight.

29. It was stated on the authority of the editor of the *National Review*, who claimed to be well posted on the subject, that the terms of this despatch were wholly unexpected by the government. "The Indian Council in London," he said,* "was, and is, favourable to the reopening of the Indian mints, "provided foreign mints are reopened. No single member of "the British Cabinet expected a hostile reply from India." "The reply from Calcutta was as unexpected as it was inept, "and was received with dismay by the British Cabinet." Mr. Wolcott also, in a speech delivered in the United States Senate on January 17th of this year, after stating that his proposals were not volunteered, but made "at the explicit request of the "English Ministry," added that the refusal of the Indian Government to reopen their mints "was as much a surprise to "the English Ministry as a disappointment to us."† However that may be, there was apparently no hesitation on the part of the Indian Secretary of State, or of the British Government, in acting upon it. On October 13th the India Office wrote to the Treasury stating that the Secretary of State for India "could "not act in opposition to the strongly expressed views of the "Government of India unless he were convinced that the "proposed scheme is intrinsically sound, and that it would "confer real and lasting advantages upon the government and "people of India. After most careful consideration, Lord "George Hamilton has arrived at the conclusion that the scheme "does not fulfil those conditions, and that the criticisms of the "Government of India upon it are in the main well founded." He expressed "concurrence in the request of the Government of "India that Her Majesty's Government will not assent to the "undertaking desired by France and the United States."

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* "*The National Review*," December, 1897, p. 515.

† "*The Times*," January 18th, 1898.

30. The government upon this lost no time in coming to a conclusion wholly adverse to the scheme, and on October 19th, exactly a fortnight after Lord Aldenham's letter urging that the time for academical discussion had gone by and that the question had become one of practical politics, Lord Salisbury informed Mr. Hay, the American Ambassador, that Her Majesty's Government were unable to accept the proposals of the Wolcott commission, so far as concerned the reopening of the Indian mints. "Due consideration," he said, "has also "been given to the remaining proposals, but Her Majesty's "Government do not feel it to be necessary to discuss them at "the present moment. Her Majesty's Government are there-"fore desirous to ascertain how far the views of the American "and French Governments are modified by the decision now "arrived at, and whether they desire to proceed further with "the negotiations at the present moment."

31. This closes the correspondence, and there is no sign of any desire on the part of the American Government to reopen the question. It appears that Mr. Wolcott has returned to his country with strong feelings of resentment at having been misled. Especially galling must be the fact that he has not even been able to obtain a conference. Mr. Wolcott complained in his speech in the Senate of the "blind, unreasoning fury of the "City of London against any concessions recognizing silver."* He complained not less bitterly of the adverse influences in his own country, especially the statements of New York bankers, and, above all, the alleged assertions of the Secretary of the United States Treasury that there was no chance for international bimetallism. These last, he hoped, were fictitious; if not, the official he referred to was "seeking to undermine a mission appointed and supported by the President." He further attacked the London press for their attitude to the mission, in that "they should have been led to characterize as "impertinent proposals which had only been made at the "request of their own government." However, hope springs eternal in the human breast, and Mr. Wolcott appears to think

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* "*The Times*," January 18th, 1898.

in spite of what has occurred, international bimetallism is not altogether hopeless. He has, nevertheless, resigned his position on the commission.

32. There is nothing in the recent address of Mr. McKinley (January 27th), to indicate that the American Government intend to make any further proposals on the subject. On the contrary, their action with regard to currency points rather to internal reforms, with the object of better securing the maintenance of a gold standard.

It is from the bimetallists in England that the chief cry of distress has proceeded. The Bimetallic League, indeed, has been discreetly and painfully silent, and has failed to fulfil the promise, made by its secretary in the *Times* of October 28th last, to express its opinion on the action of the government in rejecting the Wolcott proposals.

A bimetallic writer, however, in the *National Review* for December,* commenting on the failure of the negotiations, after referring to Mr. Balfour's speech of March 17th, 1896, says, "It "appears that these hopes have been utterly vain, and that we "have been resting in a fool's paradise," while the editor actually stigmatized Sir James Westland, the financial member of council, as being "guilty of this disastrous document."†

We are not concerned in disputing the fact that the bimetallists have been living for years past in a fool's paradise, but in view of the most satisfactory conclusion arrived at by the government, we are not disposed to join in charges against them of bad faith to the bimetallists in the earlier stages of the affair.

33. We await, on our part, any further proposals which bimetallists abroad or at home may propound, with the utmost confidence that they will prove to be as unsound and impracticable as those which have been almost universally condemned by public opinion and by the government. The moral which we believe will be generally drawn from the late proceedings is that we have been fully justified in the past in pressing for a declaration on the part of the bimetallists of the specific scheme which they favoured and proposed. So long as they indulged

* The *National Review*, December, 1897, p. 562.
† The *National Review*, December, 1897, p. 516.

in generalities they could find arguments specious and plausible enough to delude the unwary into the belief that bimetallism might be a cure for commercial or agricultural depression; but so soon as a definite scheme was propounded its difficulties and dangers at once became apparent, and it was admitted almost universally to be impossible. We confidently predict the same will be the result with any future scheme.

34. We have reason to be well satisfied that three important results have been achieved by the proceedings which we have thus briefly related—the first, that, so far as England is concerned, our gold standard is to be preserved intact; the second, that so far as other countries are concerned, it has been made clear that neither the United States nor France will propose or accept bimetallism on any other condition than the restoration of the old ratio existing before 1873 of $15\frac{1}{2}$ to 1; the third, that the Indian Government has definitely declined to reopen the Indian mints to the free coinage of silver upon the terms proposed by France and America.

35. We think it will exercise the ingenuity of the bimetallists for a very long time to come to devise any scheme which shall be consistent with these conclusions. We hope and believe also that what has occurred will show to the British public the danger and folly of relying upon vague generalities, and the necessity for requiring a definite scheme from those who ask that the long-settled commercial and currency policy of this country be abandoned.

MISCELLANEA

THE POPULAR PREJUDICE AGAINST BANKS IN THE UNITED STATES.—"There is, however, one respect in which British example is entirely lost on the Americans. British bankers are a select and highly-esteemed class. Their services are appreciated by rich and poor, and no trace of popular prejudice against them ever shows itself. American bankers are less privileged. They have neither the status nor the popular esteem of their English brethren. Their power being much more divided and scattered is less felt. Even in the large cities they seldom rank as first-class financiers, and in the country districts they are regarded simply as money-lenders. They are supposed to make exorbitant profits out of other people's money, and to enjoy privileges which are denied to ordinary traders. The political boss is invariably at war with them, and in the West they are a standing bogey of the stump orator. Their intervention in any political movement is sure to provoke an outcry of selfish designs, and their advocacy of a cause is with a certain class of people prima facie ground for suspecting it. One of the greatest practical obstacles to currency reform in the States is the idea fostered by many politicians that it is simply a bankers' agitation.

"This anti-banking prejudice of the Americans is anomalous and paradoxical in many ways. It is totally at variance with the natural shrewdness of the people. It gives a wholly wrong impression of their commercial intelligence. Most puzzling of all, it is quite irreconcilable with the popular constitution of American banks. If they were a comparatively small number of powerful institutions, like our own banks, the prejudice against them might be conceivable. But they are far more numerous than influential, and the competition among them is

almost suicidally keen. No one can understand how far over-banking may be carried until he has seen it in the United States. The national banks alone number nearly four thousand, and State and private banks aggregate at least as many more. Bank shareholders are a large enough class to make themselves respected in Congress, but they are never heard of as such. The national banks alone have over 280,000 proprietors, of whom about 102,000 are women. The average holding is $2,250, and 60 per cent. of the shareholders own ten shares or less. No institution in the States has a more popular constituency than the national banks, in spite of their chronic unpopularity."—*W. R. Lawson, in the Bankers' Magazine (London).*

—

A correspondent in Ontario sends us the letter which we reproduce below. It is from a depositor who had migrated to Dakota, and is written on the back of the Bank's letter, enclosing a draft for $105.83, "balance of your savings bank account."

my dear captain I have (no $) words
tell you about the enormous
interest I have receive from you
such a interest as this is I suffiment
to break the departement
all apiece which is $ 5.83

THE DREAM OF LIFE.—The penniless youth fell into a deep sleep.

"Ah," he dreamed, "if only I had five thousand a year what good might I do! How happy I could be! What presents I could bestow! What delights I could bring to so many! The poor should know my humble but discerning charity; the needy should not appeal in vain. Ah, if I had but five thousand a year secured, what a life I could lead! How noble and generous I could show myself!"

The years rolled by. The penniless youth was now worth $100,000. Once more he fell into a deep sleep.

"Ah," he dreamed, "if only I could accumulate $1,000,000 how happy I should be! How I could enjoy life! What power I should possess! What influence, what authority! How men would look up to me, and admire me and seek my friendship. Truly that would be happiness, greatness, joy!"

The millionaire dozed in his easy chair.

"Ah," he dreamed, "could I but turn my millions into ten millions! Could I but add to my wealth! Could I but get a higher rate of interest! Could I but invest it to greater advantage! Could I but change my million into ten millions! Could I but do it, could I but do it, could I but do it!"

The dream went on, and to the dreamer waking came no more.—*Truth*.

ERRATUM

In preparing the forms of the January issue for the press, the name of the author of the prize essay on "Banking as a Profession," C. M. Wrenshall, was inadvertently dropped.

QUESTIONS ON POINTS OF PRACTICAL INTEREST

THE Editing Committee are prepared to reply through this column to enquiries of Associates or subscribers from time to time on matters of law or banking practice, under the advice of Counsel where the law is not clearly established.

In order to make this service of additional value, the Committee will reply direct by letter where an opinion is desired promptly, in which case stamp should be enclosed.

The questions received since the last issue of the JOURNAL are appended, together with the answers of the Committee:

Bill drawn "at sight, with one day's grace"

QUESTION 200.—A draft is drawn from one of the States in the United States where days of grace have been abolished, on a party in Canada. It reads, "At sight with one day's grace, pay," etc. How should the due-date be calculated?

ANSWER.—The draft is payable on the day after acceptance. Section 14*a* of the Bills of Exchange Act fixes the days of grace to be allowed "where the bill itself does not otherwise provide," leaving other cases to be fixed by the terms of the bill. The fact that it is drawn from a place where there are no days of grace does not affect the matter in any way.

Cheque bearing the words "in full of account"

QUESTION 201.—A cheque payable to order contains the words "in full of account to date." If the cheque is used does this discharge the liability of the drawer to the payee of the cheque?

ANSWER.—If the payee notifies the drawer that he is not satisfied to accept the cheque in full of his claim, but only as a payment on account, the phrase quoted would not affect the

rights of the parties. If he receives the cheque without giving such notice, it would probably be held that he had settled the debt due by the drawer, for the amount of the cheque, and released him from any further claim.

Right of a bank to refuse to certify or accept cheques

QUESTION 202.—Has a bank the right to refuse to certify a cheque presented by the drawer, and payable to his own order, because it is not endorsed?

ANSWER.—We do not think that the ordinary contract between a bank and its customer obliges it to accept or certify cheques. We think that all it is bound to do is to pay the cheque on presentation if there are funds. The most that could be said would be that the bank should not refuse to certify cheques issued by its customer, when there had been a long established practice on its part of doing so, without reasonable notice. We think, however, that where a cheque is presented by the customer himself, no question of this kind could arise.

Security given by the maker of a note to an accommodation endorser and assigned by the latter to the holder of the note

QUESTION 203.— A bank has discounted for A a note endorsed by B. A assigns to B a mortgage to secure him for his endorsement, which mortgage B subsequently assigns to the bank as collateral security to the note. At its maturity A requests the bank to renew it, holding the mortgage as security and releasing B. Would the bank have a valid security in the mortgage under the circumstances, and would B have any claim on or interest in the mortgage?

ANSWER.—B would have no claim if he were released from his liability as endorser. Whether the bank's security would be good would depend on the nature of the assignments to B and the bank. If it had been assigned to B expressly to indemnify him against his liability as endorser, then the assignment would cease to have any effect as soon as this liability came to an end, and the bank could not hold the mortgage by virtue of any rights derived from this assignment. It might have a valid claim because of its agreement with A, but in order to make the matter right the latter, whose property the mortgage is, should, by proper instrument, confirm the bank's right to hold it as security.

Bill of Exchange—Requirement as to the "sum certain in money"

QUESTION 204.—Do you consider a draft drawn payable "with bank charges" negotiable?

ANSWER.—We would not consider this to be a bill of exchange. Sec. 9 (*d*) of the Bills of Exchange Act, declares the sum payable by a bill to be "a sum certain" if it is payable according to a rate of exchange to be ascertained as directed by the bill. This is the only provision in the act which could be looked to to support the proposition that a bill payable "with bank charges" is for a sum certain, and we do not think that it would come within this section.

Cheque to order of "AB, Treasurer," or "AB, Executor"

QUESTION 205.—A cheque is drawn to order of "AB, treasurer," or "AB, executor." Is the endorsement "AB" sufficient without the word "treasurer" or "executor"?

ANSWER.—Such an endorsement would be sufficient, assuming that AB who endorses is the AB described in the cheque.

Legal tender notes—Payment under Sec. 57 of the Bank Act

QUESTION 206.—Would you construe Sec. 57 of the Bank Act to mean that a bank may pay sums up to $100 in ones, twos or fours only to a party who desires such a payment? Can it compel one who demands payment in legal tender of a claim for over $100 to take payment in ones, twos and fours, or must the bank pay in large legal tender notes or gold?

ANSWER.—The creditor must accept in payment of any obligation of the bank, no matter what the amount may be, anything that is a legal tender, but the creditor has the right to say that to the extent of $100 in any payment, the bank must pay him in one, two or four dollar Dominion notes. Except in so far as the bank is controlled by the latter provision, it is in the same position as any other debtor, and may at its option pay its obligations in small or large legal tender notes, or in such coin as is a legal tender under the Currency Act.

Death of a customer—What constitutes notice

QUESTION 207.—If mention of the death of a customer appears in the daily papers, would this in itself constitute notice under Sec. 74 of the Bills of Exchange Act? If the notice had not been observed by the bank, would it be affected thereby?

ANSWER.—If the information in the newspaper were true, and it came within the knowledge of the bank, it would no doubt be notice of the customer's death, and the bank would be bound not to pay the customer's cheques presented thereafter. The bank would not be bound by any information in the newspapers which had not come under its actual notice.

Bill of Exchange; time of payment depending on arrival of goods

QUESTION 208—Would you consider the following form of draft advisable: "Sixty days after arrival of goods at destination pay to the order of———"? If so, what evidence should the bank collecting the item be expected to get in order to fix the due date?

ANSWER.—A draft in the above form would not be a bill of exchange within the meaning of the Act; it is not payable at a determinable future time, since the goods might never arrive. The bank would therefore have no rights against the drawer or endorser arising out of the law respecting bills of exchange. It would be much better that the bill should be drawn at sixty days sight, with an agreement that the collecting agents should hold it for such time as they might consider reasonable pending the arrival of the goods.

United States' revenue stamps

QUESTION 209.—Has a bank in the United States any right to require its Canadian correspondent to affix a United States revenue stamp to a draft issued upon it?

ANSWER.—We think the bank has a perfect right to lay down the conditions on which it will allow customers to draw cheques upon it. The correspondent must, if the drawee bank makes it a condition of the opening or continuance of the account, bear the cost of the stamp, and the bank may properly require it to be affixed before the drafts are presented.

Acceptance presented for payment at bank after maturity

QUESTION 210.—Is it proper for the bank to pay a customer's acceptance after maturity, assuming that it has funds at the customer's credit, that the acceptance is in order, and that it has been made payable at the bank?

ANSWER.—While such a payment might generally be safely made, we think the bank has no right to pay under such circumstances, and that it should ask the customer for instructions

before doing so. The bill being overdue his position with respect to the holder of the bill is altered, and his rights might be injured if the bank should intervene and pay.

Drawee of a bill not entitled to delay his acceptance

QUESTION 211.—It has been alleged that Sec. 42 of the Bills of Exchange Act gives the drawee the right to take two days to accept a bill, and to date the acceptance two days after presentation. What is your opinion as to this, especially as to bills drawn at or after sight?

ANSWER.—Sec. 42 gives the drawee no rights whatever, but only declares that the holder may, without risk of discharging the drawer or endorser, wait two days for an answer from the drawer. The holder is, however, entitled to an immediate answer, and may protest the bill at once if not accepted.

If a bill were refused acceptance immediately on presentation, the holder should treat it forthwith as dishonored. The drawers and endorsers would probably be released if after such refusal the holder should wait two days before giving them notice.

Bill held after maturity by collecting bank on instructions of owner

QUESTION 212.—A Winnipeg bank negotiates a draft drawn by one of its customers on a house in Kingston, and sends it to a bank at Kingston for collection. At maturity the Winnipeg bank wires the Kingston bank, "Hold free seven days if not paid." The Kingston bank has a running account with the Winnipeg bank, and if the bill were paid would simply credit the amount without advice. The Kingston bank holds the bill without protest for seven days after maturity, in accordance with telegraphic instructions, but without advising or acknowledging the telegram.

If the bill is still unpaid at the end of seven days ought it to be protested, and is the drawer entitled to the same notice of non-payment at the end of the seven days as he would have been at maturity?

ANSWER.—The bill could not be protested at the end of the seven days, the time for that being past. The duty of the Kingston bank is to return the bill to the Winnipeg bank at the expiration of the seven days, or to notify it then that the bill has not been paid. If it neglected to do this, and the Winnipeg bank was thereby misled into believing that the bill was paid, and allowed the drawer to act in the same belief, the Kingston bank would probably be bound to give the Winnipeg bank credit for the bill.

The Kingston bank is not concerned about notice to the drawer; the Winnipeg bank would for its own protection arrange that the drawer will remain liable on the bill before sending instructions to hold seven days.

Joint deposits

QUESTION 213.—We issue a deposit receipt undertaking to account to AB and CD, or either of them, for a certain sum and interest. In the event of the death of one, should we not require the consent of the representatives of the deceased before making payment to the survivor? Is not death something which AB and CD in the case mentioned did not provide for?

ANSWER.—These points have been fully discussed in previous issues of the JOURNAL, but in view of the questions asked, we might repeat what we have previously said. So far as any dealings with the deposit during the life time of both depositors are concerned, the terms of the receipt govern; the bank is bound to pay to either of the parties provided he complies with the terms of the receipt. On the death of one, then, under the law of the province of Ontario, the survivor is entitled to receive the money, and this would follow whether the receipt had been made in favor of AB and CD simply, or of AB and CD or either of them. It may be true that the money does not belong to the survivor, or that the representatives of the deceased are entitled to a share in it, but that does not affect the question. The survivor holds the actual title, and others may be the beneficial owners, but the bank deals with the holder of the title.

Stamped signatures

QUESTION 214.—The Supreme Court of Pennsylvania recently held that the fact that a bank depositor had procured a rubber stamp which made a facsimile of his signature, was insufficient ground for charging him with a cheque on which his signature was forged by a clerk who used the stamp for the purpose.

Has a bank any right to refuse payment of cheques signed with a rubber stamp, having been instructed by the customer to pay such cheques? What protection has the bank against the danger of the stamp being used by an unauthorized party?

ANSWER.—If a bank consents to continue to keep the account of a customer who instructs it to pay cheques signed with a stamped signature, it cannot refuse to pay the cheques so signed, if otherwise in order.

As regards protection against the unauthorized use of the stamp, a bank would act very unwisely if it should oblige itself to accept such stamped signatures unless it had a contract with the customer that by whomsoever affixed, it should be regarded as his signature.

This question can hardly be regarded as having any practical bearing, as it is very unlikely that any depositor would wish to have money paid out on his account on the strength of a stamped signature.

Signature of a company without the name of the signing officer

QUESTION 215.—Where a party trades under the name of a company, as for instance, "The Canadian Iron Company," is it sufficient for him to use the name of the company in his signature, without the addition of his own name?

ANSWER.—Legally such a signature is sufficient, but practically it is open to many objections.

Guarantee written on a note

QUESTION 216.—AB transfers to C, for value, a note which is payable to his own order, endorsing it as follows: "I guarantee payment of the within note. A.B." There is no other endorsement on the note.

Is this endorsement sufficient to transfer the note to C, and is AB in a position of an endorser requiring notification if the note is dishonoured, or is he a surety?

ANSWER.—The position of a party giving such an endorsement as this was fully discussed at page 96, Vol. IV.; see question 45. In our opinion notice of dishonour is not requisite to retain his liability.

We do not think that the writing on the back of the note is technically an endorsement, or that it passes the title to the note. As C, however, has acquired it for value, he is entitled to a proper transfer, and can enforce the same by virtue of Sec. 31, sub-sec. 4, of the Act.

Telegraphic request to hold funds for a cheque

QUESTION 217.—Do you consider it safe for a bank to hold funds which are at a customer's credit, on a telegraphic request from another bank which is about to cash the customer's cheque? What would be the result if another cheque should be dishonoured before the first cheque was presented? What if the cheque for which the funds were held proved to be forged, or if payment were countermanded by the drawer?

ANSWER.—This is one of the practices which as a practice is found to work very well, but in theory is quite indefensible. A bank cannot accept or pay a cheque until it is actually presented, and notwithstanding such a telegraphic request or promise, the money is still at the customer's credit, and he has a right to say what shall be done with it. The refusal of another cheque under the circumstances mentioned might therefore expose the bank to a claim by the customer for damages, and this would be the result whether the cheque telegraphed about were forged or not, or if it were subsequently countermanded.

Dishonoured draft—Right of banker to charge a portion of the amount to the drawer's "private account" where there are not sufficient funds in his business account

QUESTION 218.—A customer has two current accounts (one an ordinary business account, the other entitled "private account"). A cheque on an outside point deposited by him, has been dishonoured, protested, returned and charged back to his account, but there are not sufficient funds to pay it all. Is the bank legally justified in charging his "private account" with the balance of the item, or with as much of it as this account will permit? No promise was made that his "private account" should not be charged back if necessary (as well as the other account), with any returned dishonoured item.

ANSWER.—If the two accounts are strictly as described, that is, both accounts of the same party, representing money held in the same right—that is, not as trustee, etc., there is no question that the bank would have a right to set of against any balance in either account an overdraft in the other. This is in effect what is proposed.

Note with two or more endorsers discounted for the last endorser, with waiver of protest, etc.

QUESTION 219.—A note is discounted by a bank for a customer who endorses it, waiving protest, notice and demand of payment. There is a prior endorser on the note. The bank did not protest the note at maturity, and the first endorser was released. Is its claim against its customer good? He alleges that notwithstanding his waiver the bank should have protested the bill in order that he might not lose his recourse against the prior endorser, and that he is discharged by their neglect to do this.

ANSWER.—The customer by his waiver made himself liable to pay the note in the event of its dishonour without any conditions whatever, and this liability is not impaired in any way by the fact that the prior endorser has been discharged.

Endorsements by rubber stamp

QUESTION 220.—Could a bank's customer repudiate the following or similar endorsement, made with a rubber stamp on a cheque taken in deposit, the name as well as the instructions being stamped:

"Pay to the order of ——— Bank,
John Smith"

ANSWER.—If such an endorsement was unauthorized the customer might of course repudiate it, but we think he would be bound to return the money which had been credited to him for the item on the strength of the unauthorized endorsement.

Liability of an endorser on notes payable to bearer

QUESTION 221.—Is the liability of an endorser on a note payable to bearer the same as on a note payable to order?

ANSWER.—The liability is precisely the same.

Draft not presented by collecting agents on date of maturity

QUESTION 222.—Brown & Co., of Montreal, draw a draft on Jones, of Hamilton, through the "A" Bank. The latter send it to their agents, the "B" Bank in Hamilton, for collection, and it is accepted in the usual course. Through an oversight on the part of the "B" Bank the draft is not presented for payment until fifteen days after the due date. Five days after its maturity Jones absconds. The "A" Bank now apply to the "B" Bank for payment on behalf of their customers, Brown & Co. "B" Bank refuse, claiming that "A" Bank should have asked fate of the draft. Who is responsible?

ANSWER.—We do not think there is the slightest doubt that the collecting bank must bear the loss. If the item had been marked "no protest," the position would be otherwise. It would then fall within the reasoning in the opinion given by Mr. Lash in another case published on page 73 of the JOURNAL for October last. In the instance which is now submitted, apparently the duty of the collecting bank was to give notice of dishonour in case of non-payment. As they failed to do so, the drawers of the draft are discharged, and the bank in Montreal has a right to look to the collecting bank for protection.

Collections requiring presentation by mail

QUESTION 223.—Referring to your answer to question No. 168, will you be kind enough to give a somewhat fuller opinion in this matter, as it is one which is continually cropping up. You say, "The only question involved is whether you have failed in your duty as collecting agent, to such an extent as to bring yourself under liability to the owner of the bill." Is it established by usage in Ontario, that presentment will be made of such bills, by sending the usual notice and power of attorney through the mails, and that if a reply is not received in (say) five days they will be treated as dishonoured? Would this bring it under the provisions of section 43 (*b*) of Bills of Exchange Act? In brief, is presentment of such bills excused by usage in Ontario? If the bill itself is sent through the mails (as seems to be meant by the Act), where there is a daily mail between the places, when do the two days (sec. 42) start to run—from the date of mailing by the Bank, or the probable receipt by the drawer—that protest may be made under sec. 51, sub-sec. 8, if necessary?

ANSWER.—It seems to us that there is no practice recognized in Ontario, "authorized by agreement or usage" in the words of the statute, respecting the presentment of bills through the post office, by which, of course, is meant the sending of the actual bill itself to the drawee. It is clear that a good many difficulties might arise if a bill were so sent, and unless it was done with the express or implied sanction of the owner of the bill, the collecting bank would, we think, be taking a very unreasonable risk.

The other practice referred to and which now prevails very generally, of sending a notice containing a blank power of attorney to accept, might be regarded by the courts as an established usage governing the conditions on which a collecting bank receives unaccepted bills drawn on persons whom it can only reach by mail. We would not like, however, to express an opinion as to this. Unless the collecting bank could successfully argue that the arrangement between itself and the owner of any bill in question was within these lines, by reason of express agreement, or by implication from the course of business between them, then the collecting bank would be responsible for the results of the non-presentation of the item.

There is no question involved here of presentment being excused. If there is anything in the argument at all the collecting bank's defence is that the bill was not sent to it for presentation in the ordinary way, but on the understanding that

it would endeavour to procure acceptance by means of the notice and power of attorney, and having made that effort its duty was fully accomplished.

As regards the bearing of sec. 42 on the case of a bill sent direct by mail to the drawee, notice of dishonour must be given if the bill is not accepted within two days after the day on which it reached him. There would no doubt be a good deal of practical difficulty in keeping within the law on this point if bills were sent direct by mail; that is one of the difficulties to which we had reference in the remarks made above.

Security under section 74 of the Bank Act—Substituted grain

QUESTION 224.—In the case of an advance secured by a pledge of grain, under section 74, would the security hold good against a seizure by the sheriff under execution, if the precise grain on which the advance was made had been removed, and other grain of a like character substituted? What decisions have been given on the subject?

ANSWER.—No case dealing directly with the point has come up, but the following cases bear upon it: *Bank of Hamilton v. Noye Manufacturing Company*, 9 Ont. 631; *Re Goodfellow, Traders Bank v. Goodfellow*, 19 Ont. 299; *Llado v. Morgan* 23 U.C., C.P. 524. It is difficult to say what view the courts would take in a case of substitution under section 74, but if you are able to examine the cases quoted you will probably be able to see to what extent the courts would be likely to attach the security to the substituted grain in the case you mention.

Time within which notice of dishonour may be sent

QUESTION 225.—Referring to section 49 Bills of Exchange Act, do notices of dishonour mailed at any time on the next day following due date, meet the requirements of the law as fully as if mailed on the same day a bill is dishonoured?

ANSWER.—Yes; the notice is "valid and effectual" if mailed on the following business day, and all that is needed is a valid and effectual notice.

Stock transfers

QUESTION 226.—(1) Is it legal for a person holding shares in a bank to transfer them to his own name in trust, and vice versa?

(2) Can a firm transfer stock to one of the parties composing it and vice versa?

(3) Can an attorney transfer stock to himself?

(4) Can the same person act as attorney in making a transfer, and also as attorney for the transferee in accepting the same transfer?

(5) Can a shareholder transfer stock to any person, and accept it for the latter under power of attorney?

ANSWER —(1) The first is quite in order. The party can transfer to himself in trust simply, or to himself in trust for some named person or fund.

The converse case, of transferring trust shares to himself, might be legal, but the bank might be responsible to the *cestui que trust* if the transfer were wrongfully made. We think, notwithstanding the protection given by the Act as to trusts, banks cannot altogether avoid responsibility when they permit trustees to convert assets which are clearly trust property to their own use.

(2) If all the members of the firm join, a transfer to one of the partners is quite in order, but there is the same objection to one partner transferring partnership shares to himself, as there is to a trustee transferring to himself personally.

There is no objection to the converse procedure. One partner holding stock can certainly transfer it to his firm.

(3) This is no doubt legal, but it is open to the same difficulties as are involved in the transfer of trust stock to the trustee personally. The practice should not be permitted unless the power of attorney expressly authorizes it by the use of such a phrase as "to transfer to himself or any other person." Brokers in Toronto generally have some such phrase in their forms.

(4) There is no objection to this.

(5) This also seems to us quite proper.

The only point we think that needs to be carefully remembered in dealing with these matters is that an agent, attorney, trustee or other person standing in a fiduciary capacity, has no right to use this power for his own benefit without the express sanction of the parties concerned, and that if a bank lends itself to any act contrary to this principle, those who suffer may be able to fix responsibility upon it.

Cheque drawn by a firm to the order of one of the partners, cashed by another bank and lost in the mails—Failure to notify endorser of dishonor

QUESTION 227.—1. A post-dated cheque drawn by a firm on an American bank in favour of one of the two partners in the firm, was cashed by a Canadian bank for the payee, who endorsed it, and it was lost in the mail. The Canadian bank applied to the

other partner, who was winding up the partnership business, for a duplicate, and also notified the endorser of the loss, receiving the latter's assurance that a duplicate would be issued. This has not been done, although two months have elapsed. Has the bank any recourse against the endorser as such, or against him as one of the drawers? The other partner is now insolvent.

2. Would proof that there were no funds for the cheque affect the endorser's liability?

ANSWER.—1. The payee, as endorser, is probably discharged from liability by want of notice of dishonour, although his promise to procure a duplicate might be held to excuse the notice. It is not excused by the loss of the cheque.

He is, we think, liable as one of the drawers. The delay in presentment would not discharge the drawers unless they suffered actual damage through the delay.

The Canadian bank should present a copy of the cheque for payment and give the drawers notice of dishonour; they can then proceed in the ordinary way.

2. It would not follow that the cheque would be refused because there were no funds at credit. If it could be affirmatively established that the endorser knew there were no funds, and no arrangement for an overdraft, notice to him of dishonour would probably be unnecessary.

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Power of Attorney given on behalf of a firm by one of the partners

Referring to the answer to question 177 on page 70 of the October, 1898, number of the JOURNAL, an esteemed subscriber has called our attention to the fact that as worded the answer might be construed to mean that whatever a partner might himself do on behalf of the firm, an attorney appointed by him might also do—from which meaning he very properly dissents. Our answer was intended to mean that the acts of an attorney appointed by one partner would be binding on the firm with respect to such matters as, under the scope of the partnership, one partner would have the right to do through an attorney, either by express authority in the articles of partnership, or by necessary implication from the nature of the transaction itself; but the acts of an attorney appointed by one partner would not otherwise bind the firm if the other partners objected. In order that the bank might not have to take any risks as to the scope of the partnership we added to the answer the advice to require all to sign.

Legal

LEGAL DECISIONS AFFECTING BANKERS

Privy Council

Union Bank of Australia v. Murray-Aynsley and Another*

Where a customer of a bank receives trust moneys for investment and opens a separate account into which such moneys are paid, and it is not shown that the bank had notice of the trust, the bank is at liberty to treat such moneys as belonging to the customer and to appropriate them against his overdrawn account.

Appeal from a decision dated October 30th, 1896, of the Supreme Court of New Zealand, which affirmed a decree of Denniston, J., made August 11th, 1896. The facts are stated in their Lordships' judgment, which was delivered by Lord Watson, as follows:—

The respondents, who are the plaintiffs in this action, are trustees under an ante-nuptial settlement executed by Mr. and Mrs. Harris in August, 1866. Mr. Murray-Aynsley was one of the two original trustees, and on the death of his co-trustee, the respondent, Mr. Archer, was appointed to the office on May 3rd, 1887. At that date, both these gentlemen were partners of a firm of agents and general merchants who carried on business at Christchurch and elsewhere in the colony of New Zealand, under the name of Miles & Co. Mr. Murray-Aynsley retired from the firm in 1892; and on February 20th, 1893, its business was transferred to a joint-stock company, incorporated under the name of "Miles & Co., Limited," and was carried on by that company until it stopped payment on January 11th, 1895. Mr. Archer was a member of the company, and was also one of its directors.

The firm of Miles & Co., and their successors, Miles & Co., Lim., were customers of the appellant bank. For their convenience the bank kept two accounts, No. 1, which was the general account, and No. 2, which was known as the stock account of the concern. In September, 1891, at the request of the late Mr. Banks, then the managing partner of Miles & Co.,

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a third account, known as No. 3, was opened for the firm, and was continued down to the stoppage of the company which succeeded them. The question involved in this appeal depends upon the object with which the account No. 3 was opened, and its true character, as between the company and the appellant bank.

During the existence of Miles & Co. the respondents had invested £1,800 of the trust funds under their administration, through the agency of the firm, upon two loans, one of £1,600 to the Loyal Volunteer Lodge of Oddfellows, at Sydenham, in the colony of New Zealand, and another of £200 to a person of the name of Kemp. The Lodge of Oddfellows repaid their loan by two instalments, of £200 on October 26th, and of £1,400 on December 6th, in the year 1894; and on November 27th, 1894, his loan of £200 was repaid by Kemp. All these sums were received on behalf of the respondents by Miles & Co., Lim., who paid them, as they were received, into the appellant bank, to the credit of account No. 3; and they stood at the credit of that account when the company failed.

Their Lordships do not find in the record any satisfactory evidence of the terms upon which these trust moneys were allowed by the appellants to pass into the hands of Miles & Co., Lim., and to remain so long in a bank account of which that company had the control, and upon which it received interest from the bank at the rate of 7 per cent. In the course of the argument upon this appeal it was stated by the appellants', and it was not disputed by the respondents' counsel, that, so long as the moneys remained in that account, Miles & Co., Lim., by the directions and with the authority of the appellants, regularly paid to Mr. Harris 5 per cent. upon their amount, the company retaining, for its own purposes, the difference of 2 per cent. The respondent Murray-Aynsley, who was examined as a witness on his own side, was naturally somewhat reticent as to these points, which might involve his personal responsibility. Speaking of his firm of Miles & Co., he says, "There might be large sums of money waiting investment on which we were paying interest. Long time might elapse before getting investment. I think we gave 5 per cent." Again, he says, "As long as we paid interest direct, the loan was to us, and we treated it as firm's money." With regard to the trust moneys, received by Miles & Co., Lim., in the end of the year 1894, he states, "I knew that these accounts were in the No. 3 before I signed the discharge to the insurance company." These statements appear to their Lordships to come to no more than this—that whilst the witness knew that the trust moneys were in the hands of the company as agents, and, in a certain sense,

under their control, he believed that they were sufficiently earmarked as trust funds to ensure their safety, by their having been paid into account No. 3.

The present action was brought against the appellant bank by the respondents, in July, 1895, claiming decree for payment of £1,800 out of the moneys standing to the credit of Miles & Co., Lim., with interest at the rate of 6 per cent. per annum from February 4th, 1895, when the company went into liquidation. The case was tried on July 16th, 1896, without a jury, before Mr. Justice Denniston, who, on August 11th, 1896, gave judgment sustaining the respondents' claim with costs. An appeal, at the instance of the present appellant, against that judgment, was dismissed by the majority of the Court of Appeal, consisting of Mr. Justice Williams, Mr. Justice Conolly, and Mr. Justice Edwards, Chief Justice Prendergast dissenting.

At the time when Miles & Co., Lim., went into liquidation, the company owed a large balance to the appellant bank, who claim the right to retain and apply all sums standing in their books at the credit of the company towards extinction of that balance. No objection is taken to their so dealing with the accounts No. 1 and No. 2. But the respondents aver and maintain that the account No. 3 was, at the time when the sums for which they sue were paid into it, and thereafter continued to be, "to the knowledge of the defendant bank, and by arrangement between the said Miles & Co., Lim., and the defendant bank, a trust account of the said Miles & Co., Lim." There is not on the face of the account No. 3 anything to show that, in so far as concerned the relative position of the bank and its customers, it stood on any different footing from the other accounts kept by the company, or to indicate that it was opened or kept open for the purpose of receiving trust funds which were in the hands of the company. It was therefore incumbent upon the respondents to prove that the moneys for which they now sue were, in the knowledge of the bank, trust funds; and the only question arising in this appeal is, whether the respondents have discharged themselves of that onus. Although there is a considerable amount of evidence, very little of it has any bearing upon the real point at issue; and that little is, in their Lordships' opinion, decidedly adverse to the respondents' contention. Notwithstanding the preponderance of judicial opinion in favour of the respondents in the Courts below, their Lordships have found it impossible to differ from the conclusions of the learned Chief Justice, the dissentient member of the Court.

It appears that, in consequence of the death of Mr. Banks, who was an active partner of Miles & Co., and who, in 1891, made the arrangement with the bank for opening the account

No. 3, the respondents have been deprived of any advantage which they might have obtained from his testimony. It is proved by Bolton, a clerk who was in the employment of Miles & Co., Lim., that on the company succeeding to the business of the firm, the account No. 3 was simply transferred to them, along with Nos. 1 and 2. There is also evidence to the effect that moneys received for investment were generally paid into account No. 3; but that circumstance is not in the least calculated to suggest that No. 3 was a trust account, in the sense for which the respondents contend. It might for many reasons be convenient, for the firm or the company, to have these moneys kept in a separate account, and not mixed up with their other transactions; but there is not a tittle of evidence to show that these moneys received for investment belonged to trustees, or that they were held by the firm or company in trust, and not simply as agents for the real owners, their principals.

Apart from the evidence bearing upon the opening of the account, and the terms of the arrangement which is said to have been then made between the bank and the firm of Miles & Co., there is nothing to prove, or even to suggest, that any notice was subsequently conveyed to the bank of the trust character of the funds which the respondents are claiming in this action. The only witness who speaks to the arrangement of 1891 is Samuel Hallamore, the manager of the bank, who was called by the respondents. He says, in his evidence-in-chief, "Mr. Banks saw me about opening No. 3 account. He said he wished to open a separate account. That he had received a large amount of money which was to be invested or remitted to London; and he asked me if I had any objection to open a separate account, and treat it in the same way as No. 2 in regard to the general overdrawn account. I understood him to mean with regard to interest. I told him he was at liberty to open as many accounts as suited his convenience. He did not say whom these moneys belonged to, said nothing about a trust account. I had no idea whom they belonged to."

Their Lordships do not think it necessary to make any observation upon these statements, beyond this, that, if believed, they directly disprove the allegation that No. 3 was in any sense a trust account. If not believed, the respondents are in this dilemma, that they have no proof whatever relating to the allegations upon which their claim is founded. It is right to say that Mr. Justice Denniston, who tried the case, gave "credit to Mr. Hallamore for perfect honesty in his evidence." But the learned Judge, instead of accepting his evidence, and construing it according to the plain meaning of his words, adopts what appears to their Lordships to be the

dangerous course of first assuming that his statement must very imperfectly represent his conversation with Mr. Banks, and then building upon that assumption a series of speculations and conjectures, arising not out of but outside the evidence, resulting in the conclusion of fact that "the manager must have known, or have had strong reasons to believe, that the moneys referred to were not the moneys of the firm." The same species of fallacy pervades the reasoning of the learned Judges of the majority of the Appeal Court, who do not appear to their Lordships sufficiently to appreciate the broad legal distinction between the relation of an agent, habitually entrusted with the disposal of their money by his principals, to his own bankers, and his relation to the principals themselves.

Their Lordships will humbly advise her Majesty to reverse the judgment appealed from, and to dismiss the action, with costs to the appellant bank in both Courts below. The respondents must pay to the appellants their costs of this appeal.

Queen's Bench Division, England

South Wales and Cannock Chase Coal Company, Limited v. Underwood and Son and Another*

The defendant firm filled in the body of a bill of exchange, attached their name as acceptors, and forwarded it to one of their agents to be signed by him as drawer and used in payment of goods to be purchased for the firm.

The agent endorsed the bill but omitted to sign it as drawer, and gave it to the plaintiffs in settlement of a private debt.

***Held*, that as the bill was not complete and regular on its face when they acquired it, the plaintiffs could not recover.**

This case raised a point of some interest with regard to a bill of exchange. The action was brought to recover £50, the amount of a dishonoured bill. The plaintiffs were the *bona fide* holders for value of the bill in question. The defendants were Messrs. Underwood and Son, who were hay merchants, and the acceptors of the bill, and one F. Alder, who was added as a defendant, but who was not represented by counsel. It appeared that Messrs. Underwood and Son had dealings with F. Alder, who was a man in a small way of business, and who from time to time obtained hay for them. In order to enable Alder to pay for the hay they occasionally sent him bills. The bill the subject of this action was sent to Alder to pay for certain hay he

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had bought, but which he could not send until he had paid for it. The body of this bill was filled in by Messrs. Underwood and Son, who attached their signatures as acceptors; the place for the drawer's signature to be inserted was left blank, and beneath was written "drawn to the order of F. Alder." The bill was then sent to Alder, who, however, omitted to sign his name as drawer. He wrote his name on the back of the bill, and instead of paying for the purchased hay with it, he gave it to the plaintiffs in settlement of a debt due to them from his father for coal supplied. The plaintiffs presented the bill for payment when it became due, but it was dishonoured because it had not the signature of the drawer on the face of the bill. It was returned to Alder to sign, but when the bill again came into the plaintiffs' hands it was overdue. The plaintiffs now sought to recover the amount from the acceptors.

Mr. Justice Channell, in giving judgment, held that the plaintiffs were not entitled to recover on the bill. Bearing in mind that the words in the section of the Act were "complete and regular" he could not hold that this bill of exchange was complete. This document had got no one in the position of the person who makes the request to the acceptor to pay the amount named in it. F. Alder was required to put his name on the face of this bill to make it complete. Alder himself could not sue on the bill, and the plaintiffs could have no better title than he had. His Lordship added that the plaintiffs, no doubt, had taken the bill *bona fide*, and there was nothing to put them on inquiry with regard to it.

Queen's Bench Division, England

Altree v. Altree (Staffordshire Financial Co., claimants)

The omission of the address of the grantee from a bill of sale given by way of security for the payment of money renders the bill void under section 9 of the Bills of Sale Act, 1882, as not being made in accordance with the form in the schedule to that Act, even where the grantee is a limited company, the name of which alone is ordinarily sufficient for purposes of identification.

Appeal from a decision of the County Judge of Staffordshire, sitting at Lichfield.

The Staffordshire Financial Co., a limited company, were the claimants in an interpleader issue, in which goods taken in execution were claimed by them under a bill of sale, of which

they were the grantees, and the question for determination was whether the bill, being a bill given by way of security for the payment of money, was void under section 9 of the Bills of Sale Act, 1882, as not being made in accordance with the form in the schedule to the Act.

The material part of the bill of sale in question was as follows: "This indenture, made the 12th day of March, 1898, between John Altree, of Triangle Farm, Chase Town, in the parish of Hammerwich, in the county of Stafford, farmer, hereinafter called "the borrower," of the one part, and the Staffordshire Financial Company, Limited, hereinafter called "the lenders of the other part, witnesseth," &c.

DAY, J.—I am of opinion that the decision of the County Court Judge upon the objection taken before him to his bill was correct and ought to be upheld. Section 9 of the Act of 1882 provides that "a bill of sale made or given by way of security for the payment of money by the grantor thereof shall be void unless made in accordance with the form in the schedule" to the Act. Accordingly, the County Court Judge, having turned to the form in the schedule, where he found the grantee described in these words: "C D of , of the other part," has held that the bill is not in accordance with the form, and therefore void, because the blank space after the grantees' names has not been filled up, and no address or description of them is given. I entirely agree with that decision, and the appeal must be dismissed.

LAWRENCE, J.—I am of the same opinion.

Appeal dismissed.

SUPREME COURT OF CANADA

Mulcahy (Plaintiffs), Appellants, and Archibald (Defendant), Respondent*

A transfer of property to a creditor for valuable consideration, even with intent to prevent its being seized under execution at the suit of another creditor, and to delay the latter in his remedies or defeat them altogether, is not void under 13 Eliz. c. 5, if the transfer is made to secure an existing debt and the transferee does not, either directly or indirectly, make himself an instrument for the purpose of subsequently benefiting the transferor.

Appeal from a decision of the Supreme Court of Nova Scotia, reversing the judgment at the trial in favour of the plaintiffs.

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* *Supreme Court Reports.*

This is an action brought by Addra Jane Mulcahy, a married woman, and Patrick J. Mulcahy, her husband, against the defendant, Donald Archibald, high sheriff of the county of Halifax, to recover 550 barrels of frozen herring, in bulk, which were seized by the said defendant on board the schooner "Ocean Belle," which said vessel was owned by the said Addra Jane Mulcahy, and for damages for detaining the same, and for refusing to deliver up the same to the said plaintiffs on demand.

The defendant levied upon the said 550 barrels of frozen herring, on the 2nd day of March, 1896, under an execution issued on a judgment recovered by Narcisse Blais, as plaintiff, against Michael B. Wrayton, as defendent, on the 19th day of December, A.D. 1896; and the defendant claims that at the date of the said levy the said herring were the property of the said Wrayton.

The schooner "Ocean Belle" was owned by the female plaintiff, Wrayton being master of the vessel and managing it on his own account with the assistance of advances from the said plaintiff.

In November, 1895, the schooner arrived at Halifax with a cargo consigned by Wrayton to a firm of Billman, Chisholm & Co. About one-third of this cargo had been bought from the said Blais, who took in payment Wrayton's draft on Billman, Chisholm & Co. for $925.50. The cargo was sold to Eisenhaur & Co. for $2,804.19, and a dispute arising between Wrayton and Billman, Chisholm & Co., the latter demanded from Eisenhaur the proceeds of the sale in settlement of a previous account for $2,357.57 against Wrayton, and the draft in favour of Blais was dishonoured. Billman, Chisholm & Co.'s claim was settled in full, and the remainder of the proceeds of the cargo, some $416, paid over to Wrayton, who disbursed the bulk of it in seamen's wages. At the time of this settlement it was agreed between the plaintiff and Capt. Wrayton that she was to take over, on account of what Wrayton owed her, the trading stores remaining on board the two schooners, and also the trading stores then in possession of Billman, Chisholm & Co., referred to in this agreement, and thereupon she fitted out the schooner "Ocean Belle" by her agents, Thomas Forhan & Co., for a trading

voyage to Newfoundland in December, 1895, for which purchases to the amount of $610.23 were made and paid for by her. She subsequently employed Wrayton as master for said voyage on wages at the rate of $50 per month.

Wrayton proceeded on the said voyage, and purchased with these goods 550 barrels of frozen herring in bulk, for which a bill of lading was made to the said plaintiff or her assigns, dated at Burin, Newfoundland, February 19th, 1896, and forwarded by mail to her at Halifax.

In the meantime the said bill of exchange in favour of the said Blais, dated October 19th, 1895, having been protested by reason of the refusal of Billman, Chisholm & Co. to accept it, Blais recovered judgment on December 19th, 1895, against Wrayton, in the Supreme Court, for the amount due thereon and costs of that suit, which was not defended.

On the arrival of the schooner "Ocean Belle" at Halifax, on March 2nd, 1896, the said herring were seized by the defendant under execution issued on the said judgment, and the same day the plaintiff commenced this action.

This action was tried without a jury before Mr. Justice Meagher, who on January 2nd, 1897, delivered judgment, in favour of the plaintiff, and decided that "the sole question is whether the goods levied upon were the property of Wrayton or of the plaintiff," and that the said goods were the property of the plaintiff, inasmuch as "the voyages (*i.e.*, the December voyages) were undertaken by Wrayton as plaintiff's agent," and that "he (Wrayton) ceased to act as principal, and undertook to hold the goods (*i.e.*, the goods on board the 'Ocean Belle,' prior to the commencement of the voyage) as her agent," that is, as agent of the female plaintiff.

On appeal to the Supreme Court of Nova Scotia, judgment was delivered by Graham, J., and Townshend, J., reversing the judgment of the trial judge, on the ground that the transfer from Wrayton to the female plaintiff of the goods on board the schooner "Ocean Belle" in November, 1895, was void under the statute of 13 Elizabeth, c. 5; and that therefore the herring purchased in Newfoundland in February, 1895, with the proceeds of those goods and of the other goods purchased by the

female plaintiff and placed on board the schooner "Ocean Belle" at the commencement of the December voyage, were the property of Wrayton, and not the property of female plaintiff.

From this judgment the plaintiff asserts this appeal.

The judgment of the Court was delivered by

SEDGEWICK, J.:—On the 19th of December, 1895, one Narcisse Blais obtained judgment in the Supreme Court of Nova Scotia against one Michael B. Wrayton, a brother of the present appellant, and under an execution issued upon that judgment the defendant as such sheriff levied upon 550 barrels of frozen herring which were then on board the schooner "Ocean Belle," the property of the appellant, whereupon she, claiming the herring, brought this action to recover the goods so levied upon, the question to be determined being whether they at the time of the levy were the property of Wrayton or the property of the present appellant. The learned trial judge, Mr. Justice Meagher, gave judgment in favour of the plaintiff, holding that there was a real transaction between Wrayton and his sister, and that no matter what the motive of Wrayton himself was in reference to one or more of certain other creditors the transfer to his sister having been in security for or in payment of a *bona fide* antecedent debt, the transaction was not within the statute 13 Eliz. c. 5. Upon appeal to the Supreme Court of Nova Scotia the judgment of the trial judge was reversed, and it was held that the transaction in question was void as a fraud by Wrayton against his creditors.

We are of opinion that the judgment of Mr. Justice Meagher should be restored. There is little question as to the salient features of this case. At the time of the transaction impeached Wrayton owed the plaintiff upwards of $4,000. The goods which were transferred to her by Wrayton, from the proceeds of which the goods levied upon were bought, were transferred to her on account of this indebtedness. No doubt it was the intention on the part of Wrayton to prevent this seizure under the judgment which he expected Blais would very soon recover against him and for the very purpose of securing his sister at the expense of Blais, and with intent either to delay him in his remedies or to defeat them altogether. The statute of Elizabeth, while making void transfers the object of which is to defeat or delay creditors, does not make void but expressly protects them in the interest of transferees who have given valuable consideration therefor, and it has been decided over and over again that knowledge on the part of such a transferee of the motive or design of the transferor is not conclusive of bad faith or will not preclude him from obtaining the benefit

of his security. So long as there is an existing debt, and the transfer to him is made for the purpose of securing that debt, and he does not, either directly or indirectly, make himself an instrument for the purpose of subsequently benefiting the transferor, he is protected, and the transaction cannot be held void.

And that proposition was a mere re-affirmance of such previous decisions as *Holbird v. Anderson et al.; Pickstock v. Lyster; Wood v. Dixie.* Reference was made in Mr. Justice Townshend's opinion in the Court of Appeal to the case of *Thompson v. Webster;* but I am unable to see the applicability of that case to the present one. The transaction impeached in that case was held to be valid, but it seems to me clear that the learned Vice-Chancellor Kindersley, in the observations which he made, to which reference is had, was referring, not to transfers for valuable consideration but to voluntary debts. On the whole, we are of opinion that the appeal should be allowed, the usual rule as to costs prevailing.

COURT OF APPEAL, ONTARIO

Hannum v. McRae et al.

The local manager of a branch in the province of Ontario of a chartered bank, when served with a subpœna *duces tecum* to attend as a witness before the Court, or a Master upon a reference in an action, is bound, whether the bank is a party or not, to produce the bank books specified in the subpœna which are in his custody or control, containing any entry relevant to the matters in question in the action, and to give evidence as to such entries; and inconvenience to the bank is no ground for refusing to produce the books, which *prima facie* are to be deemed in his custody and control and their production within the scope of his authority.

Evidence as to a customer's account is not privileged at common law, and sec. 46 of the Bank Act is no more than a prohibition against a bank voluntarily permitting any examination of customers' accounts save by a director.

An appeal by Montague A. Anderson, manager of the Ottawa branch of the Union Bank of Canada, from an order of ROSE, J., requiring the appellant to attend at his own expense before the local Master at Ottawa to be examined as a witness, and to produce the books, papers, etc., of the bank, as he might be directed by the Master.

The appellant had previously appeared before the Master in answer to the plaintiff's subpœna, but on being sworn, objected to produce the books and papers of the bank or to give evidence as to their contents, for the following reasons: 1st. That many of the books sought to be produced were in

constant daily use. 2nd. That the appellant was the servant of the bank, and it did not come within the scope of his authority to produce or remove the bank's books or papers, which were the property of his employers, and not his property, and were in the custody of the bank under direction of the board of directors. 3rd. That the bank was precluded by law from exhibiting to any one or permitting any one to inspect the account of any person dealing with the bank. 4th. That in an action such as this, for the reasons above given, he was unable to produce the bank's books or papers called for by the plaintiff.

This appeal was heard by BURTON, C.J.O., OSLER, MACLENNAN, and MOSS, JJ.A., on the 16th May, 1898. Judgment was delivered on the 4th October, 1898.

OSLER, J.A.—This to my mind is a surprisingly bold appeal, though not bolder than the stand taken by the appellant in the witness box in refusing to obey his subpœna. He appears to be the manager of the Ottawa branch of the Union Bank of Canada, and he was regularly subpœnaed by subpœna *duces tecum* to appear as a witness at what is to be regarded as the trial of the cause, viz., upon the reference directed by the decree in the action, and to testify touching his knowledge in the matters in question therein, and to produce at the time and place specified all deeds, books of account, etc., relating to such matters, and especially any and all such documents and entries which in any way related to the dealings and transactions of the defendants Hector McRae and J. W. McRae, as executors of John Nicholson, deceased, with the Union Bank of Canada, or to the dealing and transactions with said bank of the firms of McRae & Co., P. McCrae & Co., and McRae Bros. & Co., of which firms the said John Nicholson, deceased, is alleged to have been a member. The *specialiter* clause of the subpœna entirely meets the objection that the language of the subpœna in other respects is too broad and general in its terms. This objection was not taken by the appellant when he appeared in answer to the subpœna, and there is really no pretence for saying that he did not know what was wanted, or was in any way embarrassed except by his own ideas of his position and of the obligation of the subpœna.

It has been gravely argued that the books of a bank are protected from production under a subpœna *duces tecum* for the purpose of being used as evidence at a trial, and that the manager, or whoever may appear to be the proper person to call as a witness to produce them and give evidence, where material, respecting their contents, is not bound to obey the subpœna,

on the ground of inconvenience to the business of the bank, and that he is the servant of the bank, and that it does not come within the scope of his authority to produce the books. These are certainly no reasons for his refusal to testify to material facts within his knowledge; and, as to his authority to produce the books, it is sufficient to say that the books, etc., were those of the branch of the bank of which he was manager and were in his immediate custody and control.

That inconvenience to the bank is no ground for refusing production, it can hardly be necessary to cite authority. That was the principal reason why the Bankers' Books Evidence Act was passed in England, as is pointed out in the 5th ed. of Grant on Banking, 1897, p. 287: "This Act was passed to remove the inconvenience caused to bankers by having to produce their books in legal proceedings, and to facilitate the proof of the matters and transactions therein recorded." No such Act is in force in this country, and bankers are in no different position in regard to giving evidence from any other subjects of the Queen. Even in England, as Coleridge, C.J. says, in *Emmott v. Star Newspaper Co.* (1892), cited in Grant on Banking, *supra*, they remain bound at common law to attend and produce their books under subpœna, except in so far as the inconvenience may be modified by the statute.

The appellant also relied upon sec. 46 of The Bank Act, 53 Vict. ch. 31, which enacts that the books, correspondence, and funds of the bank shall at all times be subject to the inspection of the directors, but no shareholder who is not a director shall be allowed to inspect the account of any person dealing with the bank. This section, in my opinion, has nothing to do with the production of bankers' books, or with giving evidence respecting their contents when that becomes necessary in legal proceedings; it was passed *alio intuitu* with the object of preventing a shareholder as a member of the banking corporation from asserting a right to inspect and examine at his pleasure the accounts of persons dealing with the bank. I had occasion in *The East Northumberland Election Case, Ex p. Dwight and Macklam* (1887), to consider a similar objection which was raised under the Telegraph Companies' Act, 45 Vict. ch. 93, sec. 18 (D.). The judgment of the Court was delivered by the Chancellor, and the objection was repelled. I remain of the opinion there expressed.

It was next contended by the appellant that the evidence sought to be obtained from him was not material—an objection reasonable enough had it been well founded. So far, however, as the examination was carried on, or as can be inferred from the questions, I am of opinion that the evidence was material both as regards what was sought to be ascertained by the

appellant's examination as to matters within his own knowledge and from entries in the books of the bank, all of this relating, as it directly did, to the estate and interest of Nicholson, the subject of the reference in the action.

The case *Pollock v. Garle* (1898), to which we have been referred since the argument, arises under the Bankers' Evidence Act, and has no bearing on the case before us.

My learned brother Rose would seem, from some expressions in his judgment, to have leant to the opinion that the objection on the ground of inconvenience to the bank was a tenable one, though he has given no substantial effect to it, except perhaps in disposing of the costs of the motion.

From what I have said it will be seen that I am unable to adopt this view. No doubt the respondents will, as they showed their willingness to do, meet the bank's convenience in any reasonable way, but the measure of their right is to have the witness attend and produce the books in Court in the usual manner, and the form of the order under appeal does not otherwise direct.

I think the appeal should be dismissed with costs, and the judgment affirmed, except as to the costs of the motion, which should be paid by the appellant.

MACLENNAN, J.A.—I am of opinion that this appeal fails.

With regard to the production of books and papers under subpœna, a bank is in the same position as any private person. There has been no legislation in this country such as the Acts of 1876 and 1878 in England; and a bank has no privilege against production which does not belong to a private person. Every person who is duly served with a subpœna to produce books and papers must obey, if what is required be in his possession or power. If they are not in his possession or power, he must attend, and if required show that such is the reason for his disobedience. To refuse without sufficient reason is a contempt of Court. In the present case the appellant was the manager of a branch of the bank, having the custody and possession for the bank of the books and papers which the subpœna called for, and, therefore, the proper person to produce them. He refused to obey the subpœna, and in doing so he was clearly wrong.

A different question arises when the books and papers are brought into Court. It is whether the witness is bound to disclose their contents. That question depends on their relevancy to the judicial inquiry, and on the right of the party seeking it to have the disclosure. If irrelevant, that in general is an answer to the demand. But the contents may be relevant, and yet the party may not have any right in law to their disclosure. An instance of that is the title deeds of the witness, or of his

cestui que trust, or of his client, the contents of which are in general privileged from production. All this is well settled law, and the question remains whether the entries in the bank books and the contents of the other papers, the production of which was called for by the subpœna, were relevant to the inquiry before the Master, and whether, if they were, they were for any reason privileged from disclosure.

Now, it is quite evident that those transactions were exceedingly pertinent and relevant to the inquiry before the Master, and there is no ground on which the appellant could be excused from disclosing all that he knew respecting them. It was at one time thought to be doubtful whether a witness could be compelled to answer where by so doing he would subject himself to a civil action for pecuniary loss, or would charge himself with a debt; but in *Lord Melville's Case* (1806), cited in Taylor on Evidence, the contrary was decided by a majority of the Judges, including the Lord Chancellor Eldon. I think that a sufficient authority for us, in the absence of any decision to the contrary, although the doubt was removed by statute in England immediately after the decision referred to. See also *Grainger v. Latham* (1870).

What has been said thus far relates to the transactions themselves with the bank and the disclosure thereof by oral evidence. The entries in the books of the bank are merely the record of those transactions, made by the clerks. Of themselves they would not be evidence against anyone but the bank, and in cases in which the bank was not a party could only be referred to in connection with oral evidence. But when a witness is asked of a particular act or transaction which it is his duty to disclose, there can be no ground on which, if not objected to by any party to the proceeding, he can refuse to produce any entry or memorandum in his possession made by him or by his direction of or in relation to that same fact or transaction. The entries are made to aid the memory, and when the transactions are numerous, reference to the record is absolutely necessary to secure fullness and accuracy in the testimony.

I am, therefore, of opinion that it was the appellant's duty to produce the books and papers mentioned in the subpœna, to answer all questions relating to the transactions with the bank, both of the testator in his lifetime and of his executors, including transactions with the firms named in the subpœna in which the testator was a partner, and, if required, to refer to the entries of those transactions in the books of the bank.

The appeal should therefore be dismissed.

Moss, J.A.— . . . I think the appellant was not justified in taking the position he did in refusing to produce the books and to give evidence as to their contents.

It is to be borne in mind that no party to the action was raising objection to the testimony sought to be adduced, nor to the means by which it was being obtained. And, having regard to the issues in the action, the items of the executors' account before referred to, and the evidence previously given, there could be no question as to the relevancy of the testimony.

The appellant was only a witness, and as such was not justified in absolutely refusing production of the books and documents, and declaring his intention of not bringing or producing them. His attitude strikes one as that of a person who had already determined his course, and was resolved to adhere to it, no matter what the ruling of the Court might be. As a witness he should have adopted the course taken by the witness in *Lloyd v. Freshfields* (1826), and submitted his position to the tribunal before which he was summoned, and sought a ruling as to what he should properly do under the circumstances.

His first and second objections rested in large measure upon facts, and he should not have treated them as concluded by his bald statement.

It is very clear that the first was not a valid justification for his absolute refusal to produce the books and documents. It involved only a question of convenience, and, on the face of it, did not apply to the whole of the books. Further examination and inquiry would, no doubt, have resulted in a proposition to obviate any inconvenience arising from some of the books being in use, such as was speedily arrived at upon the suggestion of Rose, J., when the motion came before him.

But that this was not the real reason for declaring his intention not to produce the books, appears from the statement in the judgment of Rose, J., that upon the opportunity being afforded the appellant, while the motion was pending, to attend after bank hours, he declined to attend for the purpose of giving his evidence or producing the books at any time or place. It is obvious that the substantial reason was unwillingness to disclose the contents of the bank's books.

I apprehend that it is not open to serious question that unless exempted by legislation, a banker is not excused from producing his books or testifying as to his customer's balance, when relevant to the issue before the Court.

In England the hardship and inconvenience caused to bankers by having to produce their books in legal proceedings led in 1876 to the enactment of a statute, for which, in 1879, was substituted "The Bankers' Books Evidence Act, 1879."

The position of a banker before and after the passing of these Acts is explained by Lord Coleridge, C.J., in *Emmott v. Star Newspaper Co.* (1892). He says (p. 78):

"What was the duty of a banker in regard to the supplying of evidence at the time when this Act was passed? It was the same as that of any other person. He was obliged to attend under a subpœna with his books if their contents were receivable in evidence. But this was said to be a grievance in the case of bankers, and to cause to that class a peculiar and practical hardship in disturbing their business and displacing their business books, filled as they were with the details of other people's affairs quite external to the matters in dispute. The Act, or rather the original Act of 1876, which the Act of 1879 repeals, and for which it is substituted, was passed to give a sensible and reasonable relief for this particular class of persons, but not to alter the whole of the rules of evidence so as to place bankers in a different position in regard to giving evidence from any other subjects of the Queen. Bankers are not to be so differently treated, nor was any such change intended. They remain bound at common law to attend and to produce their books under subpœna, except in so far as the inconvenience may be modified by the statute." And again: "If the banker will not attend or supply the copies required at the trial, he must be subpœnaed to produce the books at the trial as before the Act. If he will not take the course pointed out by the Act, or attend under the subpœna, he will find himself in a bad way at the trial."

. . . We have no similar legislation, and, as regards production of their books, bankers in this Province stand before the law in the same position as they occupied in England before the Act of 1876.

The corporation of the Union Bank could not refuse to comply with a subpœna for production of its books. Can the appellant as its manager at Ottawa decline production of the books of that branch for the reasons assigned in the second objection taken before the Master?

Rose, J., observes that the objection does not point out that the appellant has been directed not to produce books, *i.e.*, that there was either a specific or a general rule of the directorate that he would violate if he did produce the books. And, as already mentioned, the validity of the objection depended upon facts. His statement should have gone further than the argumentative proposition of mixed law and fact involved in the averment that it did not come within the scope of his authority to produce or remove the books or papers which were the property of his employers.

. . . I apprehend that the appellant is *primâ facie* the person having custody of the books and documents for the bank, and therefore the proper person to comply with a subpœna *duces tecum* addressed to the bank. He would, without

doubt, be a proper person to make the affidavit on production of documents for the bank in an action to which it was a party in respect of transactions occurring at the Ottawa branch: see Con. Rule 468 and Form 20.

Primâ facie the custody and control of the books and documents of the branch would appear to fall within the scope of his duty, and it was incumbent upon him to make it clear that he was expressly forbidden to produce them.

Further, I am content to adopt the statement of the learned Chancellor and my brother Osler in *Re Dwight and Macklam* (1887), 15 O.R. at p. 162, that "if a subpœna *duces tecum* is served upon an officer who has the absolute control . . . and the ability to produce . . . he must do so."

The third objection amounts to the proposition that, even for the purposes of justice, the books and the accounts in them must remain sealed and protected from all investigation.

This, I venture to say, has never been the law, and sec. 46 of the Bank Act falls far short of affording any such protection. The evidence as to a customer's account is not privileged at common law, and the section does not appear to amount to more than a prohibition against the bank voluntarily permitting any examination of customers' accounts save by a director.

. . . However much the appellant might justify non-production by showing a prohibition of the directors, no such prohibition could protect him from speaking, when sworn as a witness, to facts within his knowledge.

. . . I think that in taking the position of refusing to produce the books and documents and declining to give any evidence of their contents, the appellant exceeded his rights, and a motion against him was proper under the circumstances.

The order . . . should be affirmed with costs.

BURTON, C.J.O.—I am not sorry that this appeal has been brought, as the judgment now pronounced will have a tendency to remove many of the misconceptions which exist in reference to the right of bankers to refuse production of the books of the bank in a proper case, or to give evidence as to their contents when relevant to the issue before the Court. I think it is unfortunate, though not perhaps to be wondered at after the positive refusal of the witness to give any evidence, that more specific questions had not been put to the witness and his refusal to answer noted; but the witness assumed a very disrespectful attitude, and he cannot be surprised if he is made to pay the expenses rendered necessary by his ill-advised course.

I cannot usefully add to the remarks of my learned brothers Osler and Moss, in which I fully concur.

UNREVISED FOREIGN TRADE RETURNS, CANADA

(000 omitted)

IMPORTS

Six months ending December—	1897-8		1898-9	
Free	$25,619		$31,581	
Dutiable	34,350		43,524	
	$59,969		$75,105	
Bullion and Coin	2,732	$62,701	3,856	$78,961
Month of January—				
Free	$ 3,722		$ 4,101	
Dutiable	6,088		6,341	
	$9,810		10,442	
Bullion and Coin	77	$ 9,887	42	10,484
Total for four months		$72,588		$89,445

EXPORTS

Six months ending December—				
Products of the mine	$ 7,524		$ 7,053	
" Fisheries	7,003		6,227	
" Forest	19,320		19,112	
Animals and their produce	31,067		31,121	
Agricultural produce	19,544		14,059	
Manufactures	5,248		5,429	
Miscellaneous	72		111	
	$89,779		$83,113	
Bullion and Coin	987	$90,766	2,240	$85,353
Month of January—				
Products of the mine	$ 1,621		$ 1,240	
" Fisheries	523		560	
" Forest	440		500	
Animals and their produce	2,527		2,528	
Agricultural produce	3,533		1,646	
Manufactures	856		826	
Miscellaneous	13		6	
	$ 9,513		$ 7,306	
Bullion and Coin	849	$10,362	76	$ 7,382
Total for four months		$101,128		$92,735

SUMMARY (in dollars)

Total imports for seven months, other than bullion and coin	$69,779,000	$85,548,000
Total exports for seven months, other than bullion and coin	99,292,000	90,419,000
Excess of exports	$29,513,000	$ 4,871,000
Net imports of bullion and coin	972,000	1,583,000

STATEMENT OF BANKS acting under Dominion Government charter for the months of December, 1898, January and February, 1899, and comparison with February, 1898:

LIABILITIES

	31st Dec., 1898	31st Jan., 1899	28th Feb., 1899	28th Feb., 1898
Capital authorized	$76,508,684	$ 76,508,684	$ 76,508,684	$ 74,258,684
Capital paid up	63,241,533	63,284,163	63,322,585	62,294,922
Reserve Fund	27,955,807	28,017,043	28,051,254	27,580,999
Notes in circulation	$ 40,258,381	$ 36,916,579	37,525,337	$ 35,823,923
Dominion and Provincial Government deposits	5,493,804	5,054,185	5,448,147	6,819,130
Public deposits on demand	90,747,210	86,877,562	88,387,578	78,939,572
Public deposits after notice	157,824,875	160,373,684	161,832,288	140,799,375
Bank loans or deposits from other banks secured	.....	.....	.....	.....
Bank loans or deposits from other banks unsecured	2,888,319	3,543,176	3,232,031	2,821,895
Due other banks in Canada in daily exchanges	127,447	99,379	149,019	185,007
Due other banks in foreign countries	605,804	1,223,354	588,609	509,585
Due other banks in Great Britain	2,217,758	1,720,688	3,245,428	2,067,557
Other liabilities	609,401	580,624	381,118	731,345
Total liabilities	300,773,075	296,389,296	300,789,638	$268,697,468

ASSETS

Specie	$8,966,421	$ 9,697,868	$ 9,261,732	$ 8,619,198
Dominion notes	17,099,822	17,573,958	16,269,761	14,873,224
Deposits to secure note circulation	1,999,523	1,999,523	1,995,523	1,883,067
Notes and cheques of other banks	10,829,354	10,156,176	10,748,189	9,775,768
Loans to other banks secured	.....	3,491	.....	.....
Deposits made with other banks	4,035,991	3,837,181	3,612,869	3,918,650
Due from other banks in Canada in daily exchanges	201,345	217,150	223,068	319,781
Due from other banks in foreign countries	23,253,094	23,178,858	21,909,685	20,793,570
Due from other banks in Great Britain	12,169,589	12,610,221	12,782,998	12,109,646
Dominion Government debentures or stock	5,064,673	5,049,115	5,049,617	4,800,686
Public municipal and railway securities	34,429,677	32,843,002	31,989,562	32,819,699
Call loans on bonds and stocks	26,532,040	26,318,554	28,815,971	21,497,983
Current loans and discounts	229,900,030	229,192,419	234,008,496	211,659,749
Loans to Dominion and Provincial Governments	2,795,434	2,012,320	2,295,050	1,264,404
Overdue debts	2,463,410	2,518,944	2,371,322	3,232,918
Real estate	1,888,583	1,721,335	1,873,740	2,153,466
Mortgages on real estate sold	573,912	721,212	544,383	581,283
Bank premises	5,907,990	5,923,824	5,999,233	5,751,886
Other assets	2,359,236	2,064,633	1,998,032	1,520,786
Total assets	390,470,328	387,140,155	391,749,425	$357,575,974
Loans to directors or their firms	7,602,665	7,140,264	6,939,812	$7,581,920
Average amount of specie held during the month	8,959,490	9,164,571	9,162,908	8,618,517
Average Dominion notes held during the month	17,178,156	17,135,470	16,890,878	15,592,966
Greatest amount of notes in circulation during month	43,214,303	39,948,173	38,188,602	36,099,032

MONTHLY TOTALS OF BANK CLEARINGS at the cities of Montreal, Toronto, Halifax, Hamilton, Winnipeg, St. John, Vancouver and Victoria.

(000 omitted)

	MONTREAL		TORONTO		HALIFAX		HAMILTON	
	1897-8	1898-9	1897-8	1898-9	1897-8	1898-9	1897-8	1898-9
	$	$	$	$	$	$	$	$
March ...	40,654	62,043	26,673	39,012	5,215	5,285	2,799	3,021
April	45,092	50,003	28,236	33,035	5,077	4,472	2,900	2,858
May	46,600	56,475	29,059	34,374	5,270	4,798	2,655	2,932
June	54,616	59,471	29,842	36,960	4,792	4,997	2,544	3,001
July.....	52,831	60,423	33,892	35,727	6,308	5,851	2,638	3,117
August ..	49,240	55,578	29,640	32,390	5,554	5,551	2,442	2,655
September	55,080	61,856	32,466	33,932	5,164	4,919	2,971	2,773
October ..	59,340	66,354	35,736	38,349	5,817	5,408	2,970	3,103
November	59,166	67,246	34,211	39,125	5,580	5,154	2,878	3,147
December	56,509	69,143	35,986	43,508	5,386	5,838	3,094	3,334
January ..	60,334	64,850	37,836	42,388	5,009	5,913	3,028	3,274
February .	62,332	62,432	33,414	40,818	4,446	4,583	2,663	2,807
	641,794	735,874	386,989	449,618	63,818	62,769	33,582	36,022

	WINNIPEG		ST. JOHN		VANCOUVER	VICTORIA
	1897-8	1898-9	1897-8	1898-9	1898-9	1898-9
	$	$	$	$	$	$
March ...	4,289	5,968	2,144	2,148		
April	4,161	6,240	2,314	2,254		
May	5,014	8,683	2,430	2,513		
June	5,531	7,397	2,566	2,592		
July.....	5,616	6,316	3,116	2,927		
August ..	6,298	6,180	2,874	2,059		
September	8,035	6,414	2,620	2,508		
October ..	13,291	9,347	2,498	2,498	2,518	*
November	13,550	11,553	2,660	2,660	2,838	2,689
December	9,784	10,708	2,738	2,746	3,058	2,848
January ..	6,347	7,683	2,417	2,470	2,441	2,700
February .	5,517	6,209	2,022	2,212	2,099	2,663
	87,433	82,698	30,399	29,587	12,954	10,900

*Figures for October not furnished.

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CANADA AS A PRODUCER OF THE PRECIOUS METALS

IN writing on the subject set forth in the above heading, it will be impossible in the time and with the space at the disposal of the writer, to deal with the question in great detail. It may be interesting however to bring out some points illustrative of the present position of our country in comparison with the other contributors to the gold and silver output of the world and to compare it with that held in the past as well as to attempt to form some opinion as to what rank we may possibly take in the future.

The figures used throughout this article are, for the Dominion, those issued by the Mines Section of the Geological Survey of Canada. For the rest of the world the annual volume issued by the Engineering and Mining Journal of New York, entitled the "Mineral Industry" has been adopted as authority. The data given in the latter represent probably as close an approximation as it is possible to attain in such figures, especially as in the case of several of the large producing countries no

accurate official statements are available. For Canada the information is collected, checked and compiled with great care, and probably represents the actual output as accurately as that can ever be arrived at.

CANADA'S PLACE IN THE WORLD

In 1898 Canada produced, as nearly as can be ascertained, some $13,700,000 worth of gold, thus bringing her to fifth place amongst the countries of the world with a contribution of 4.79 per cent of the total. Going back to the commencement of the present decade, we find that in 1890 Canada occupied the eleventh place in order of contribution, being credited with about 1 per cent of the total.

The year 1897 is the last for which corrected figures are available at the present moment, and the growth of the country in regard to the rest of the world will be well shown by the figures in the following tabulation of the two years.

WORLD'S PRODUCTION OF GOLD

	1897		1890	
	per cent.	per cent.	per cent.	per cent.
Australasia	22.4		24.7	
British India	3.0		1.6	
Canada	2.5		1.0	
British Guiana	0.9		0.9	
United Kingdom and other	0.5		0.1	
BRITISH EMPIRE	—	29.3	—	28.3
Witwatersrand	21.7			
Other African	2.2			
AFRICA	—	23.9	—	8.2
UNITED STATES		24.8		27.3
Mexico	3.0		0.6	
Colombia	1.6		3.0	
Guiana { Dutch / French	0.8		0.8	
Brazil	0.6		0.4	
Chili	0.6		1.2	
Venezuela	0.4		1.4	
Other South American, less than ¼%	0.5		0.4	
AMERICA (except U.S.A.)	—	7.5	—	7.8
Russia	9.0		21.1	
Austria Hungary	0.9		1.2	
Germany	0.8			
Other less than ¼%	0.2		0.2	
EUROPE	—	10.9	—	22.5
China and Corea	3.1		5.0	
Japan	0.3		0.4	
ASIA	—	3.4	—	5.4
		99.8		99.5

In the above table the figures are given only to the nearest first decimal, so that although not quite accurate, they show the relative importance of the contributing countries sufficiently well. Whilst, however, the improvement there shown in Canada's ranking is very gratifying, it is well for us to remember that we have yet much ground to cover before we can proudly rank ourselves with the really large producers. Thus in 1898, four countries, viz: the Witwatersrand district of South Africa, (25.7 per cent.); the United States, (22.5 per cent.) and Australasia, (21.5 per cent.) are to be credited collectively with nearly 70 per cent. of the whole; Russia coming in fourth with 9 per cent. Still when we reflect that in 1886 the production of the whole of Africa, which is now over $79,000,000, or nearly 28 per cent of the whole, was less than $1,500,000 and that the present position of that continent is mostly due to the discovery of one small district, the chances are good for Canada with its large areas of as yet little known mineral-bearing formations.

During the period from 1890 to 1898 the world's annual production of gold increased from nearly 120.5 million dollars to over 285.75 million dollars or about 137 per cent., the increase for 1898 over 1897 being nearly 20 per cent.

Turning now to Silver, we find that Canada produced in 1898 over 2½ million dollars' worth. This was a decrease in value of over 22 per cent. as compared with 1897, although the quantity decreased but a little over 20 per cent.; a result due of course to the falling price of the metal. The only data available for the world are those for the latter year, and taking the same period as for gold, the figures are as below:

WORLD'S PRODUCTION OF SILVER

	1897		1890	
	per cent.	per cent.	per cent.	per cent.
Australasia	8.96		6.17	
Canada	3.10		0.30	
United Kingdom	0.16		0.22	
BRITISH EMPIRE	——	12.22	——	6.69
UNITED STATES OF AMERICA		31.48		40.56
Mexico	30.14		28.98	
Bolivia	5.85		7.20	
Chili	2.62		2.96	
Peru	1.04		1.57	
Colombia	0.92		0.48	
Central America	0.90		1.15	
Argentina	0.18		0.35	
AMERICA (except U.S.A.)	——	41.65	——	42.69

	1897 per cent.	per cent.	1890 per cent.	per cent.
Germany	8.03		4.35	
Spain	2.34		1.23	
France	1.26		1.70	
Italy	0.68		0.20	
Austria Hungary	0.47		1.21	
Russia	0.16		0.08	
Norway and Sweden	0.12		0.23	
Turkey	0.03		0.03	
EUROPE		13.09		9.03
ASIA (Japan)		1.39		1.02
		99.83		99.99

Consulting the tabulation given above, we find that the Dominion has advanced not only in production of gold, but also in that of silver, and that her position amongst the countries of the world is, similarly, greatly bettered. In 1890 she produced a little over $419,000 worth "commercial value" of the white metal, and fourteen other countries ranked above her. In 1897 she is credited with over $3,300,000 worth and stands sixth.

In this connection it must not be overlooked that the value of the world's production of the metal has fallen off very considerably since 1890. In that year the average price of bar silver was nearly $1.05 per ounce, whilst in 1897 it had fallen to about 59.8c., and in 1898 it was about 58.3c. This does not, of course, affect comparisons of the different countries one with another. It is however interesting to note that on account of this fall in price the total value of the world's production in 1897, viz., nearly 107.2 million dollars, was under 62 per cent. of that of 1890, viz., nearly 173.75 million dollars, notwithstanding that the quantity in 1897 was over 33 per cent. larger than in 1890. For Canada, the production figures of 1897 were nearly eight times those for 1890 in value, and nearly fourteen times in quantity.

CANADA'S PLACE IN THE EMPIRE

It will be interesting to note also Canada's place with respect to the rest of the Empire. In the tables already given it has been shown that in gold the British Empire taken as a whole ranked higher in 1890 than any other contributor, outdoing the next in rank, viz.: the United States by one per cent. In 1897

the latter country still occupied second place, but the Empire had increased her lead to over 4 per cent. Of course the great bulk of the gold product is to be credited to the Australasian Colonies, but Canada has more than doubled her percentage contribution as will be seen from the figures given below.

GOLD PRODUCTION OF THE BRITISH EMPIRE

	1897	1890
Australasia.....	76.4 per cent.	87.3 per cent.
British India.....	10.2 "	5.6 "
Canada	8.5 "	3.5 "
British Guiana	3.1 "	3.2 "
United Kingdom and other	1.7 "	0.3 "
	99.9	99.9

In 1898, taking the preliminary figures, which are the only ones available at present, the Empire kept its lead. Of the total production of the world estimated at about 285.75 millions the British possessions are to be credited with 30 per cent. In this she maintains her leading position, overtopping Witwatersrand, the next highest by over 4 per cent., and the United States by about 7 per cent. Canada again advanced her position in the Empire very considerably over 1897, contributing now nearly 16 per cent. This large increase in one year is, of course, nearly all due to the working of the placer deposits of the Yukon District.

As a silver producer the British Empire occupies a much more lowly position in the world than in respect of gold. In 1890 she was credited as shown in the tabulation already given with a little under 6.7 per cent., and although in 1897 the figures show a gratifying increase to nearly 12¼ per cent., this is still very much below the contribution of the large silver producing countries. As with gold by far the largest amount of the silver produced within the bounds of Greater Britain must be credited to the Australasian colonies. This is shown by the figures below, where it will also be noted that Canada has materially improved her position within the Empire in the period of years dealt with, the value of her share having increased from 4.5 per cent. to over 25 per cent. of the whole.

SILVER PRODUCTION OF THE BRITISH EMPIRE

	1897	1890
Australasia	73.3 per cent.	92.2 per cent.
Canada	25.4 "	4.5 "
United Kingdom	1.3 "	3.3 "
	100.0	100.0

HISTORY OF CANADA'S PRODUCTION OF THE PRECIOUS METALS

So far the output of the precious metals has only been spoken of in its proportional relationship to the rest of the world. A statistical study of the subject would hardly be complete, however, without giving the actual figures. These are given below for the forty-one years commencing 1858. The annual totals are compiled from data taken from the reports of the Section of Mines of the Geological Survey Department.

PRODUCTION OF GOLD IN CANADA

1858	$ 705,000	1879	$1,582,358
1859	1,615,072	1880	1,304,824
1860	2,228,543	1881	1,313,153
1861	2,666,118	1882	1,246,268
1862	2,798,774	1883	1,113,246
1863	4,186,011	1884	1,058,439
1864	4,126,199	1885	1,148,829
1865	3,987,562	1886	1,413,196
1866	3,153,597	1887	1,187,804
1867	3,013,431	1888	1,098,610
1868	2,773,527	1889	1,295,159
1869	2,123,405	1890	1,149,776
1870	1,724,348	1891	930,614
1871	2,174,412	1892	907,601
1872	1,866,321	1893	976,603
1873	1,536,871	1894	1,128,688
1874	2,022,862	1895	2,083,674
1875	2,693,533	1896	2,754,774
1876	2,020,233	1897	6,027,016
1877	1,949,444	1898	13,700,000
1878	1,538,394		

The record as given above begins with the year 1858, when gold was first seriously mined in British Columbia. About 1846 gold mining was commenced on the Beauce placer gravels in Quebec, but the work done was slight, and practically no figures of production are on record before 1863, and even after that date the figures available are known to be partial and unreliable. Thus the totals given from 1858 to 1862 inclusive are those for British Columbia, the only contributor. From that time

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until 1885, the production of Quebec being relatively so slight, Nova Scotia and British Columbia stand practically alone as gold producing districts in the Dominion, the former contributing to the total, amounts varying between about 5 per cent. and about 38 per cent. Taking then the figures as given above we notice, firstly, that from 1858 to 1863 we have a sudden increase, from under three-quarter million dollars to nearly four and one-fifth millions. This was mostly due to the discovery of the very rich placers of the Cariboo district in British Columbia, although after 1862 Nova Scotia contributed a small but increasing proportion. The banner year previous to 1897 was 1863 both for British Columbia and for the Dominion, the one following the other owing to the western province being, until quite recently, the preponderating factor. Since that year the output of the placers of British Columbia has shown a steady falling away and with it that of the Dominion. The year 1871 showed a slight tendency towards returning to the standard of 1863, due to the discovery and working of the Cassiar placers, and from 1873 to 1875 we also find an increased output as well as a slight augmentation in 1886. With these exceptions decrease was the rule till in 1892 and 1893 we find the output of both British Columbia and the Dominion at their lowest, the latter being credited with but $907,601 in 1892, the former arriving at its minimum, viz: about $379,535 in 1893.

During the period of years above described fresh discoveries of shallow placer ground in British Columbia were made from time to time, but they served, as stated, but to modify the falling away and occasionally reverse that condition for short periods.

The contributions from the Nova Scotia quartz mining industry, although until recent years comparatively small compared with that of the Pacific Province, has been an important and steadily increasing factor. True the record has not been one of absolutely unvaried increase. Following its highest record in 1867 there was an average falling away in the years that followed up to 1881, when it touched bottom at nearly $210,000, but since then the production curve has shown a steadily rising tendency.

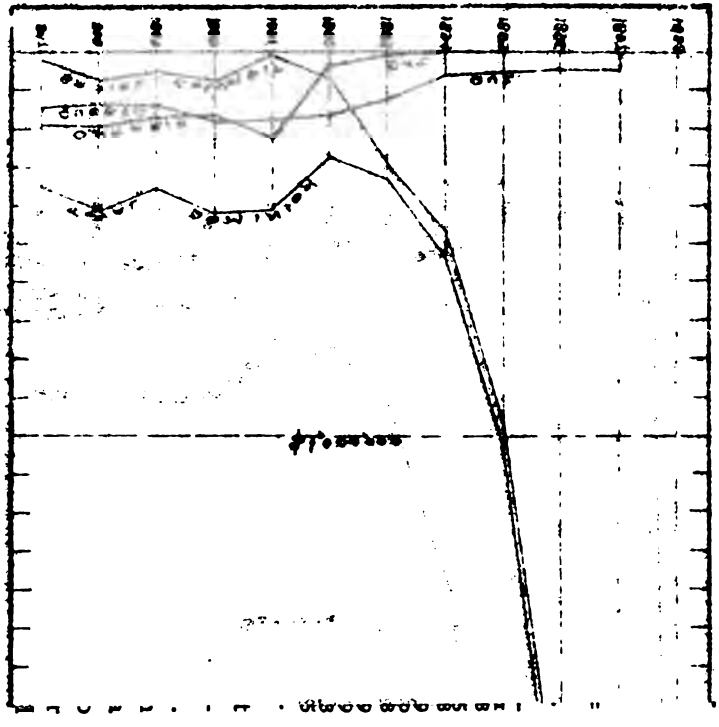
Until 1885, with the exception of the very slight and spasmodic output of the placers of Quebec, already alluded to, Nova

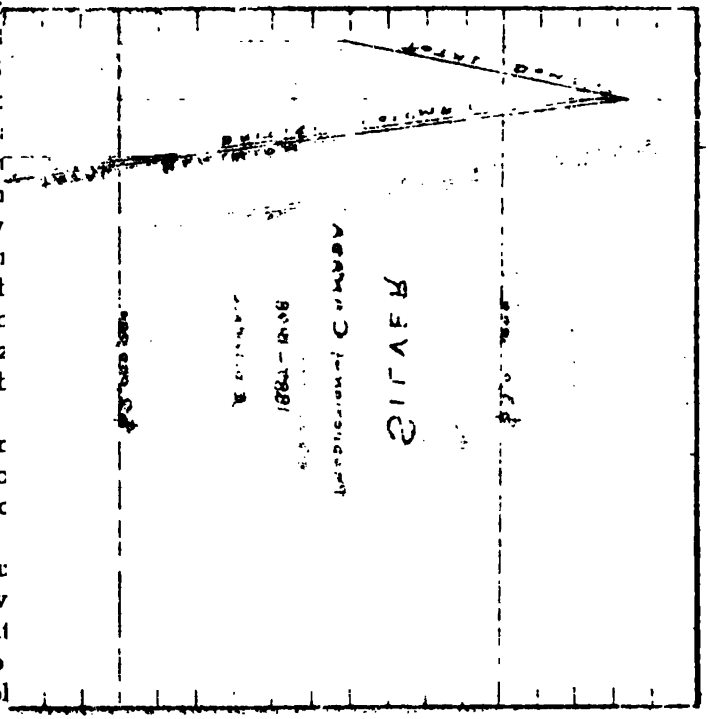
Scotia and British Columbia were the only producing Provinces. In that year, however, the placer gold of the Saskatchewan washings and the Yukon District began to be an appreciable if variable quantity. Owing to the discovery of the Klondike the gold out-put of the North-West Territories has been of increasing importance, until in 1897 it takes first place. British Columbia was then outdistanced, notwithstanding the rapid increase in her product during the few years preceding 1897 due to the working of the ore deposits of the Southern Kootenay section. In the early nineties Ontario began to appear on the scene with the gold of her quartz mines and has steadily improved her standing with regard to the Dominion output as a whole. The relative position of the various Provinces in 1892—the year of Canada's lowest production of gold—was as follows: Nova Scotia, nearly 43 per cent.; British Columbia, about 44 per cent.; North-West Territories and Yukon, about 10 per cent.; Ontario and Quebec, a little over 2 per cent. In 1897 we have the North-West Territories and Yukon, about 42 per cent.; British Columbia about 45 per cent.; Nova Scotia about 9 per cent., and Ontario about 3 per cent.

In 1898 the proportions had changed to the following: Yukon and North-West Territories, as per nearest attainable estimate, about 72.9 per cent.; British Columbia, 20.6 per cent.; Nova Scotia, 4.4 per cent.; Ontario, nearly 2 per cent.

By reference to the before given table of Canada's gold production the results of these increases in all the provinces are evident in the very large proportional growth in the figures of late years. In 1892, her lowest year since 1863, she had sunk to a total output of a little over $900,000 of gold. In the five following years, to 1897, the figures show an increase of 564 per cent., and the country had regained all the ground lost in the 34 years since 1863, and overtopped that year by about 44 per cent. The increase of late has been very rapid, from 1894 to 1895, 84.5 per cent.; from 1895 to 1896, 32.2 per cent.; from 1896 to 1897, 118.7 per cent., and from 1897 to 1898 over 127 per cent.

In value the silver product of Canada ranks far below that of gold. In 1898 the latter constituted over 36 per cent. of the total mineral output of the Dominion, taking first place, with coal second, whilst the value of the silver produced was but a





little over two and-a-half millions or nearly 7 per cent. of the whole. It thus ranked fourth only in importance, being overtopped by the estimated value, doubtless too low, of the building material credited to that year.

Previous to 1887 there are no complete and accurate figures of the production of this metal for the whole of Canada, but the quantities and values since that year are given below. They are taken from the report of the Section of Mines of the Geological Survey of Canada.

PRODUCTION OF SILVER IN CANADA

Calendar Year	Ontario		Quebec		British Columbia		Total	
	Ounces	Value	Ounces	Value	Ounces	Value	Ounces	Value
1887	190,495	$186,304	146,898	$143,666	17,690	$17,301	355,083	$347,271
1888	208,064	195,580	149,388	140,425	79,780	74,993	437,232	410,998
1889	181,609	169,986	148,517	139,012	53,192	49,787	383,318	358,785
1890	158,715	166,016	171,545	179,436	70,427	73,666	400,687	419,118
1891	225,633	222,926	185,584	183,357	3,306	3,266	414,523	409,549
1892	41,581	36,425	191,910	168,113	77,160	67,592	310,651	272,130
1893	..	8,689	..	126,439	..	195,000	..	330,128
1894	..	..	101,318	63,830	746,379	470,219	847,697	534,049
1895	..	..	81,753	53,369	1,496,522	976,930	1,578,275	1,030,299
1896	..	..	70,000	46,942	3,135,343	2,102,561	3,205,343	2,149,503
1897	5,000	2,990	80,475	48,116	5,472,971	3,272,289	5,558,446	3,323,395

It will be noticed that, except for 1890, Ontario held first place as a silver producing Province from 1887 to 1891, contributing during those years roughly between 40 and 55 per cent. of the whole. Quebec came second, running, in general, from 10 to 13 per cent. lower than Ontario, whilst British Columbia contributed a small and variable proportion of from about 5 to rather under 20 per cent. from 1887 to 1890, and under 1 per cent. in 1891. Following the period already described, we find Ontario falling away suddenly in 1892 and finally disappearing entirely in 1894, contributing nothing until 1897, and even then a very small amount. Quebec also shows a decrease, until in 1897 it is credited with less than 1½ per cent. of the total, and to British Columbia is practically due all the rest.

It will be noticed that in 1892 the value of the silver output of Canada was at its lowest ebb, amounting to but a little over one-quarter of a million dollars, whilst in 1897 it had risen to nearly three and a third millions dollars worth, increasing

about 12½ times. This result is practically due to the development of the ore deposits of Southern Kootenay in British Columbia, and especially to the opening up of the argentiferous galena mines of the Slocan district. The silver credited to Quebec represents the small proportion of that metal, amounting only to a few ounces per ton, contained in the cupriferous pyrites ores mined in the Eastern Townships. These are mostly shipped to New Jersey and used as a source of sulphur in acid making. Thus in this case the metal can be counted simply as a by-product, and during the suspension of work on the silver veins of the Thunder Bay district of Ontario the Pacific province was left as the only silver producer proper in the Dominion.

From about 1868 to 1878 the Thunder Bay district occupied a prominent position. The famous Silver Islet mine with its wonderfully rich ore, was at the zenith of its career, and from its discovery in 1868 to 1884, when it closed down, it turned out about $2,250,000 worth of the metal. Other mines nearer Port Arthur were also worked for periods of several years about this time, but the district fell off decidedly after the first few years of prosperity, and for a time the silver production of Canada, which was practically that of this district, dropped to little or nothing. About 1885, however, several other veins were discovered south-west of Port Arthur, in the same formation and with similar ores, and the revival due to the working of these mines is evidenced in the figures for 1887 to 1893 given in the table. These were practically closed for several years, and it is only during the last two years, 1897 and 1898, that any ore has been taken from this district.

In 1898 British Columbia still contributes the great bulk of the silver values, being responsible for nearly 92 per cent., the balance being due to the operations in Quebec and to the re-opening of one of the silver mines near Port Arthur already alluded to.

CANADA'S POSSIBILITIES IN THE FUTURE

So far we have dealt with Canada in her relationship to the rest of the world and with her present and past position as a producer of the precious metals.

Naturally this leads one to ask what of the future? She has apparently started in the past few years on a course which is rapidly bringing her to the front. Is it likely this will continue?

We enter here into the region of surmise and the role of prophet is a position neither easy nor gratifying to fill. Still there is a certain amount of geological and other evidence available upon which one may justly base some general conclusions as to the possibilities for the future, always remembering that the element of chance is a very dominant factor in prospecting, which can by no means as yet claim to be an exact science.

The causes affecting our future are both economic and geological. In regard to the first a moment's thought will make them evident.

Firstly we have a population of only about five million, with considerable areas of territory, the mineral possibilities of much of which are fairly certain, and still larger areas where less is known, but where the probabilities are great. Eliminate from our consideration the very large proportion of the population and of the local capital of the country, which will necessarily be busied with other pursuits, and we have but a handful of the people left, wholly inadequate to prospect and work even the more accessible portions of our mineral territories.

Thus it is evident that should we desire to see still more rapid advancement in the future we shall be largely dependent upon outside assistance, especially in regard to capital, and in many districts for a supply of prospectors. The discovery of exceptionally rich, shallow, placer ground, as in the Klondike, may from time to time bring us more rapidly to the front for short periods of years, but for permanent growth we must look rather to the extension of our operations in the systematic exploration of our veins and other mineral deposits, and of our less rich and accessible, but more extensive gold bearing gravels. These industries, however, requiring a considerable expenditure of capital, are necessarily of slower growth. On them must be based, however, our hopes for the permanent prosperity of our mineral industries.

A good instance of this is found in the history of British Columbia previously mentioned. Here, in the early sixties, we had discoveries of very rich placers at various places, much of

it comparatively shallow; a rush of prospectors; a few very rich creek beds worked for a few miles in length, yielding startlingly large returns; a rapid growth of the national gold output and continuance of the same for a few years, followed by a gradual decline broken only by the occasional discovery of other rich spots, serving to revive our prosperity for a time. Then after some years, as a secondary result of the previous development, discoveries of veins and other deposits of rich ores of the precious metals, and as the country became opened up and accessible, the development of a permanent and steadily growing mineral industry.

The growth in our output of gold and silver on the latter basis will evidently be slower, but it will be steady and certainly of greater and more lasting effect on the prosperity of the community. A much larger proportion of the wealth produced remains in the country, not as in the Yukon, where so large a percentage of the value is carried away by alien prospectors to be expended outside of Canada.

Even in vein mining, however, with our large areas where the possibilities are good, it is not unreasonable to hope for the discovery of exceptionally rich deposits and districts, and there is no reason to regard as impossible a repetition to a greater or less extent of the history of South Africa already alluded to.

A further consideration, rendering probable a great and permanent increase in our mineral industry in the immediate future, is found in the fact that outside capital not only in England but in the United States has begun to realize the great possibilities of the country. The increasing regard in which Canada is being held as part of the Empire will also undoubtedly cause greater enquiry from the Old Country as to the chances here for profitable investment. Such inquiry can be given a satisfactory answer.

In the east we have the numerous gold veins of Nova Scotia worked as yet to comparatively slight depths and with small capital, and yet for about 35 years yielding steadily, as a whole, the most satisfactory returns on the capital invested. Judging from the results of the work being done there by the Geological Survey and considering the very favorable situation of these districts for easy access and cheap working, it would seem as if

the province offered a fine field for the investment of a much larger capital than is at present involved, and that exploitation at much greater depths and on a much more extensive scale is likely to yield the most satisfactory results.

In Quebec, it is probable that something might yet be done to revive the working of the placer gravels of the province, and perhaps the last word has not been said as to the quartz veins of the surrounding district.

In Eastern Ontario the gold-bearing veins worked many years ago, and then idle for a time, are now again receiving attention, and the difficulties formerly experienced in economically treating some of the refractory ores will doubtless be overcome by improved methods. In Western Ontario, in the Lake of the Woods, Rainy River, Seine and other districts southwest of Port Arthur, as well as in other areas of Huronian rocks, situated around Lake Superior, numerous gold-bearing veins are being exploited, a number being on the producing list.

There are numerous other areas of these rocks in this part of the province, the existence of which has been proved by the explorations of the Geological Survey, and doubtless good mines could be opened up in many of these which are as yet unprospected or only partially searched. The work of the Survey, both in the eastern and western districts, in further delimiting these Huronian areas and in studying the geological associations of the veins, will doubtless prove an important element in the progress of further discovery and development.

Throughout all the Eastern Provinces argentiferous galena deposits have been found from time to time in past years and worked to a greater or less extent. None of these are being exploited at present and they have not so far proved to carry so high a content of silver as those of British Columbia, but being mostly more accessible and in districts where labour is cheap, some of them will probably be eventually worked at a profit.

The mines in the areas of Animikie rocks around Thunder Bay have yielded in the past silver ores proper of an exceptionally rich grade. Some of that taken out of the famous Silver Islet mine was fairly held together by metallic silver and thereby rendered difficult to extract. Although but one of

these mines is being operated at present, areas of similar rocks are known to exist elsewhere in Ontario, and one may fairly hope for further discoveries.

Passing westerly across the prairie lands, we come to the range of mountainous country, constituting British Columbia, which is known to be highly metalliferous through the length of two continents. The occurrence of gold, even if not always in payable quantities, in so many of the rivers running from the eastern slopes of the Rocky Mountains, is a most encouraging sign. For some distance along the North Saskatchewan River, near Edmonton, gold has been washed from the river bars for years, and with the advent of dredges now being put in operation this and other rivers should become of much greater importance.

The rich gold gravels of the Klondike and other tributaries of the Yukon River extend our gold-bearing areas far into the North, and even if one must regard as unreasonable the conception lately indulged in by the public, of one vast placer deposit extending southward from thence to the known gold placers of British Columbia, we may justly believe that many rich districts will yet be located at points along this stretch of over 300 miles.

In British Columbia, to the north of the Canadian Pacific Railway, lies an area of mountainous country about 800 by 400 miles, which is very difficult to travel, being opened up by but few trails, and although fairly well prospected for the shallower gold gravels, it may yet be regarded as mostly an unknown territory with all its possibilities before it. This may be said to be especially the case in regard to veins and other deposits of ores of the precious metals, and to the poorer and deeper gravels suitable only for hydraulicing, as well as to any river bed deposits so situated as to require to be dealt with by dredging. The era of placer mining by these methods can, however, now be said to have begun with good chances for great expansion in future years.

To the south of the Canadian Pacific Railway the province is fairly well opened up, and the railways projected and in construction assure favourable economic conditions in the future. In the operations in the Trail Creek, Slocan, Nelson, Boundary Creek, East Kootenay and other mining camps, exist the begin-

nings of a new stage in the mineral development of this province, and we may expect to find numerous other similar camps started in the region to the north as the opening up of the country leads to new discoveries and renders vein mining possible.

In the United States, the mining districts which are the largest producers of the precious metals, lie along the extension southward of the mountain ranges which are found in British Columbia, and although this does not necessarily assure the existence of equal mineral wealth in our portion of these ranges, the fact has very important bearings.

The views of Dr. G. M. Dawson, the director of the Geological Survey, carry especial weight in this connection, he having spent so many years in studying the geology, etc., of this province. His conclusions will be found in the following quotation from his report on the "Mineral Wealth of British Columbia," published by the Geological Survey in 1887. The ten years that have lapsed have served but to prove their correctness.

"In preceding paragraphs particular attention has been "drawn to certain notable differences between the better known "and more fully developed regions of the southern part of the "Pacific slope and those of the Province of British Columbia, "chiefly as a note of caution against the rash assumption of "complete uniformity in conditions too often made without due "investigation. The salient fact of the general identity of the "structural features of the Cordillera region south and north, "however, remain, and is such that from this alone, even with-"out taking into consideration the numerous and important "discoveries already made, we should be justified in predicting "an eventual great development of metalliferous mining in the "province. It has already been stated that British Columbia "includes a length of over 800 miles of the most important "metalliferous belt of the continent, and adding to this the "northern extension of the same belt, beyond the 60th parallel, "we find that within the boundaries of Canada its entire length "is between 1,200 and 1,300 miles. This, as I have elsewhere "noted, is almost precisely equal to the whole length of the "same region included by the United States from our southern "line to the northern boundary of Mexico, and after having

"enjoyed exceptional opportunities of investigation, I feel no "hesitation in recording my belief that the northern moiety of "the Cordillera will ultimately prove to be susceptible of a "development corresponding in importance to that which has "already been attained in the southern."

* * * * * * * * * * * *

"With respect to vein-mining proper, we have as yet to "chronicle merely the first steps, but in the southern part of "the province the completion of the Canadian Pacific Railway "has at length afforded the necessary impetus in this direction, "and it is very gratifying to find, as an immediate consequence, "that this part of the country is rapidly beginning to prove its "valuable character and to justify the confidence which those "best able to form an opinion on the subject have always felt, "and frequently expressed. Everything which has been ascer- "tained of the geological character of the province as a whole, "tends to the belief that so soon as similar means of travel and "transport shall be extended to what are still the more "inaccessible districts, these also will be discovered to be "equally rich in minerals, particularly in the precious metals, "gold and silver."

Regarded then as a producer of the precious metals, Canada would seem to have a bright future before her. Even if in the past she has not held a very prominent position, the progress recently made has been very rapid and encouraging, whilst a study of all the conditions seems certainly to justify the belief that she will yet hold her place amongst the larger producing countries of the world.

ELFRIC DREW INGALL

Associate R.S.M., Chief of Section of Mines,
Geological Survey of Canada

GILBART LECTURES, 1899*

BY J. R. PAGET, ESQ., LL.D., BARRISTER-AT-LAW

IT has occurred to me that there is one branch of banking law which it would be well to go into somewhat fully in order that we may, if possible, come to some definite arrangement or understanding with reference thereto. It is the bearing and effect of custom and course of business on the dry bones and the uncompromising utterances of the law. It is, I think I may say, the only point on which you and I have ever been in conflict in the ten years I have lectured here. I have frequently had to lay down propositions of law and deduce from them results which have not commended themselves to your practical knowledge and experience, and I quite agree that some of such results have been rather startling. Though you courteously refrain from questioning my law, I feel that some, at least, of you are still unconvinced on some points which savor stongly of technicality, with a suspicion of hair-splitting. And, mind you, I am honestly and really desirous to be converted. I have no pride or pleasure in technicalities; it is neither to the praise nor the profit of the law, its exponents and practitioners that anomalies should exist, or results be brought about by technicalities which do not commend themselves to reasonable business men. I think you would bear me out in saying that even in the period I have lectured here, there has been a distinct advance towards progress in these matters, that we have dealt with cases which have been decided on grounds of course of business or custom of bankers in a liberal spirit which would have been considered revolutionary at an earlier date, a beneficial change no doubt, attributable to the establishment and influence of the Commercial Court. And from the way in which to meet technicalities you put forward custom of bankers,

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course of business, and implied contract both here and in the examination, I can see that you regard these as the three most potent factors in the task of bringing law into harmony with common sense and business habits; and I am of the same opinion. Only I have noticed a tendency on your part to regard one or other of these three specifics as sufficient to get over every difficulty, to neutralize every doctrine of law, to act in fact as a universal panacea.

But, of course, that will not do. The existence of a legal hardship is not conclusive evidence of a custom of bankers to the contrary. Unquestionably custom and course of business are powers to rely on, but it is unwise and unsafe to over-estimate their scope and capabilities.

Now let us see how far and in what manner each of these three can be relied on in the conduct of banking business.

And first of the custom of bankers.

As giving rise to rights, customs may roughly be divided into two classes, one class having to do with contracts, the other having nothing to do with contracts. The latter, which have nothing to do with contracts, generally take the form of the exercise for a prolonged period, or on certain recurring occasions, of some particular act otherwise wrongful, on the part of some determinable body of persons. The continuity of such exercise or custom raises the presumption of its having had at some remote period a lawful origin and so establishes a right. You know that in certain places the inhabitants claim a right by custom to play football in the streets on a certain day, a custom for the inhabitants of a parish to enter upon certain land and erect a Maypole thereon and dance around and about the same, has been held good in law, and many such customs have been established with reference to fishing, boating, and so on; while another custom was recently proved by which a parson was bound to keep a bull and a boar for the benefit of his parish.

Of course this class of custom has no relation to banking or any other business. It is the other class with which we have to do, the class where custom is relied upon as modifying the ordinary interpretation and effect of the terms or incidents of a contractual relation.

When people are contracting with regard to a particular locality, or in the course and pursuance of a particular trade, the words they use are taken to be used in the sense attributed to them in that locality or in that trade, if the custom of that locality or trade has affixed to such words an acceptation different from the ordinary one. In the herring trade, for example, six score herrings go to the hundred, and sixty score to the thousand; so where a contract between herring dealers was for so many hundred or so many thousand herrings, verbal evidence of the custom would be admitted, and the 1,000 interpreted as 1,200, and the 100 as 120. In a lease of a rabbit warren, again, verbal evidence was admitted that by the custom of the country where the lease was made and the rabbit warren was, 100 dozen rabbits went to the 1,000, and the words in the lease, 1,000 rabbits, were construed to mean 1,200. So in other mercantile contracts, the Baltic has by custom of merchants been held to include the Gulf of Finland, which I believe it does not on the maps, and customary interpretations have been put on such words as best, finest, pure, and so on, which, for the sake of commercial morality, I trust are not adopted in dealing with the outside public. But this, again, is not the class of custom or usage we want. A mere principle of interpretation will not help much in ruling the relation between banker and customer.

There is the highest class of custom, the law merchant. When the universal custom of bankers and merchants in this kingdom is shown to coincide with regard to some subject of daily dealing, especially when such custom has once been recognized by the Courts, that custom becomes part of the common law of the realm, and binds everybody. Take the most prominent instance. Independent of Statute altogether, the law merchant made bills negotiable, and a man who accepted a bill could not resist the claim of an endorsee by alleging ignorance of the custom.

But I fear that with regard to the sort of custom we are seeking to establish, no such absolute universality can be claimed. Bankers are a most important element and part of the mercantile community, but still they form only one of the constituent parts of that community. When, some years ago, we were discussing what was sufficient to constitute an instru-

ment negotiable, I told you that in some quarters it was claimed that the custom of the Stock exchange was the only thing to be looked to, that the *ipse dixit* of the Stock Exchange was the test of negotiability. But, as you may remember, I denied that, on the ground that the Stock Exchange was only a part of the mercantile community, and that the concurrence of the other constituent parts, notably that of bankers, was indispensable to found a custom of this nature. And the measure we mete out to others we must apply to ourselves, and so we cannot claim as the custom of merchants that which is from its nature confined to the banking fraternity.

But before I leave the law merchant, I must draw your attention to a very important point in relation thereto, so important, indeed, that if the decision on which it is founded had appeared before I had to draw up my syllabus, I should have made it a special subject. It comes in here, however, just as well, because, in the first place, it alters the standard by which the validity or invalidity of a trade or business custom may have to be judged, and, secondly, because with reference both to the law merchant and to the customs of a particular trade or business, it disposes of the oft-repeated argument that the comparatively recent origin of a custom or usage is fatal to its acceptation or recognition by the Courts.

That fallacy, which is adopted by many text writers, is traceable to the case of *Crouch v. the Credit Foncier of London*, in 1873.

Now, in the December number of the *Law Reports*, there is a most able and masterly judgment of Mr. Justice Kennedy's on the subject, delivered on August 10th, 1898, in the case of the *Bechuanaland Exploration Co. v. The London Trading Bank*,* which, to my mind, clearly demonstrates that *Crouch v. the Credit Foncier* is no longer law, and which enunciates the true position and possibilities of the law merchant.

The question in *Crouch v. the Credit Foncier*, was as to the negotiability of debentures payable to bearer, issued by the defendants, an English Company. The Court found, or assumed, in that case that similar documents were, in practice, treated as negotiable, and had acquired whatever degree of

*JOURNAL, Vol. VI., p. 77.

negotiability could be created by a custom of trade, universal indeed, and amounting to a custom of merchants, but of comparatively recent origin. And the Court held that the instruments were not, and could not be, negotiable; that the incident of negotiability was one which the parties were not of themselves competent to introduce by express stipulation, and that no such incident could therefore be annexed by the tacit stipulation arising from usage, that such incident might be so annexed by the ancient law merchant, which forms part of the law, and of which the Courts take notice, that if the ancient law merchant annexed the incident, modern usage could not take it away.

And the same doctrine is laid down in other previous cases. It is a curious doctrine, and one, I may say at the outset, to which I have never given allegiance. It assumes that at some indefinite period in the past the common law had absorbed as much of the law merchant as it could assimilate, that it had drawn a hard and fast line, excluding the possibility of any future modification or addition, had practically codified the existing common law, including therein the law merchant, for all time. Now, with regard to this alleged principle, and with regard to this very subject of negotiability, I long ago laid down to you a different rule. I told you that I was prepared to admit the negotiability of any instrument negotiable on the face of it, as to which a universal custom of bankers, merchants, brokers, and business men in England so to treat it, could be proved. I fail entirely to see why we are not as competent as our forefathers to establish and add to the law merchant. I always held that my view was justified by later cases of authority equal to, if not higher than, *Crouch v. the Credit Foncier*, notably by the case of *Goodwin v. Robarts*, in 1875

How diametrically opposed the two cases are you may readily gather from the following passages in the judgment of the Court of Exchequer Chamber in *Goodwin v. Robarts*. Having noticed an argument addressed to them which was based on *Crouch v. the Credit Foncier*, they say, "Having "given the fullest consideration to this argument, we are of "opinion that it cannot prevail. It is founded on the view that "the law merchant is fixed and stereotyped, and incapable of "being expanded and enlarged so as to meet the wants

"and requirements of trade in the varying circumstances of "commerce. It is true that the law merchant is sometimes "spoken of as a fixed body of law, forming part of the common "law, and, as it were, coeval with it. But, as a matter of legal "history, this view is altogether incorrect." And they proceed to show that even the law merchant with reference to bills of exchange, though forming part of the general body of the law merchant, is of comparatively recent origin. It is really one of the most interesting judgments ever delivered, embodying, as it does, a complete history of the rise and progress of banking and negotiable securities. The Court then notice the judgment in *Crouch v. the Credit Foncier*, saying that the Court there held that the custom could not give to that which was not a negotiable instrument at law the character of negotiability, because such custom, being recent, formed no part of the ancient law merchant, and proceed, "We cannot concur in thinking this "ground conclusive. While we quite agree that the greater or "less time during which a custom has existed may be material "in determining how far it has generally prevailed, we cannot "think that if a usage is once shown to be universal, it is the "less entitled to prevail because it may not have formed part of "the law merchant as previously recognized and adopted by the "Courts."

But the Court are careful to confine the doctrine they lay down within due limits. They say, "We must by no means "be understood as saying that mercantile usage, however "extensive, should be allowed to prevail if contrary to positive "law, including in the latter such usages as, having been the "matter of legal decision and having been sanctioned and "adopted by the Courts, have become by such adoption part of "the common law. To give effect to a usage which involves a "defiance or disregard of the law would be obviously contrary "to a fundamental principle. And we quite agree that this "would apply quite as strongly to an attempt to set up a new "usage against one which has become settled and adopted by "the common law as to one in conflict with the more ancient "rules of the common law itself." Of this they give instances, and conclude, "If we could see our way to the conclusion that, "in holding the scrip in question to pass by delivery and to be

" available to bearer, we were giving effect to a usage incom-
" patible either with the common law or with the law merchant
" as incorporated into and embodied in it, our decision would
" be a very different one from that we are about to pronounce.
" But so far from that being the case, we are, on the contrary,
" in our opinion, only acting on an established principle of law
" in giving effect to a usage now become universal to treat this
" form of security, being on the face of it expressly made trans-
" ferable to bearer, as the representative of money, and as such,
" being made payable to bearer, assignable by delivery."

In the recent judgment to which I have referred, Mr. Justice Kennedy most carefully analyses the two judgments, and comes to the conclusion, which I think will commend itself to everybody, that *Goodwin v. Robarts* is a practical reversal of *Crouch v. Credit Foncier*, and that the law merchant is still in its youth and capable of growth, and not " cabined, cribbed, confined," by limitations imposed in days when the needs of commerce were hardly ascertained.

Next in standing to the customs which have taken their place, or are ready to take it, as part of the law merchant, are the customs which, though from their universality and general recognition they rank as customs of the realm, and are really part of the common law, still have a direct bearing on some particular trade or business. Under this head, I may instance the cases of common carriers and innkeepers.

The common law or customary duty of the carrier, save in so far as it is modified by statute, is to carry and deliver all goods offered within a reasonable time, and for a reasonable charge, with the liability of insuring the safety of the goods during the carriage. Similarly, and on the same grounds, an innkeeper is bound to receive and entertain every person who offers himself as a guest, provided there is room for him, and provided that he is fit to be received and ready to pay for his entertainment. And *per contra*, in compensation for such liability the innkeeper has a lien upon all goods brought by a guest within his care for the amount of his charges for entertaining the guest. Here we get a little closer, especially on the point of the innkeeper's lien. That right of the innkeeper is

referable to no general principle of the law of lien. He has done nothing to the goods, not carried them or improved them or anything of that sort, which generally gives rise to the right. He has only taken in and entertained the guest. Yet his right of lien is recognized. And the right extends beyond the limits of the ordinary law of lien. The right and custom have been held to extend to goods belonging to other people which have been received by the innkeeper with the guest. If the guest had stolen the goods, the innkeeper would still be entitled to his lien on them, even as against the true owner.

Now you may say here is a custom of innkeepers, extending beyond, or even contravening the ordinary law, by which nevertheless, anyone dealing with them is bound. Why cannot we set up the custom of bankers as equally binding on our customers?

And the answer is that within certain limits you can. Your lien on securities coming into your hands as bankers, in the course of your business as bankers, stands on very much the same basis.

That right oversteps the ordinary doctrines of lien, cannot be supported thereby; but it was recognized as long ago as 1794, when Lord Kenyon said, "I am clearly of opinion that "by the general law of the land, a banker has a general lien upon "all securities in his hands belonging to any particular person "for his general balance, unless there be evidence to show he "received any particular security under circumstances which "take it out of the general rule."

But it can hardly be contended that there is any custom of the realm of this nature with regard to the large majority of the points on which we seek to invoke the aid of custom of bankers. The banker's lien is a thing like the innkeeper's or the carrier's, arising originally perhaps, out of custom, but long past that stage now. I do not think these customs are, strictly speaking, part of the law merchant, but they are customs of the realm analogous thereto, and having much the same effect. There is, however, one more way of importing custom into business relations, which is practically the one on which we mainly must rely. A custom or usage may prevail generally between and among the members of a particular trade, business or profes-

sion. Of course, it is more easily ascertained, located, consolidated, where the members of that trade, business or profession have a common centre for their work. It is easy to locate and ascertain the customs, for instance, of the Stock Exchange, of the Corn Exchange, of Lloyds, and so on. But I do not see that such a meeting place or centre is essential, so long as the custom can be shown to be general in the trade or business. And, of course, such custom binds the members of that trade or business as between themselves. They are taken to know of it, they are taken to contemplate and incorporate it in all their business dealings and relations. In the case of bankers, I should instance the gigantic operations and system of the clearing house with the regulations in force there for facilitating business. I speak subject to correction, but I should imagine the clearing house system is mainly, if not wholly, based on custom between banker and banker. Take a smaller instance, the marking of cheques. As between banker and banker, the marking a cheque is by custom equivalent to an undertaking that the cheque will be paid.

And as between the members of the same trade or business, there seems to be considerable latitude with regard to the nature and incidents of such customs. It would seem from the judgments in *Perry v. Barnett*, in 1885, that, as between brokers on the Stock Exchange, a rule or custom may be valid which involves the treating as binding, contracts respecting bank shares which the provisions of Leeman's Act render invalid and illegal. The usual tests of legality and reasonableness seem, in fact, to be somewhat loosely applied where the custom is asserted or relied on between parties necessarily conversant therewith, and having practically helped to establish it.

But now comes the difficulty. How far, and under what conditions, can a custom existing among the members of one section of the mercantile community be set up against an outsider who has dealings with a member of that section in the course of his business? Now, it is obvious that the outsider stands on a different footing in these respects from the member or insider. Unless it be at the point at which he comes in contact with the trade or business, he has no connection therewith, does not know, and has no reason for knowing its rules, customs, or usages.

But when he voluntarily puts himself in communication with that body through a member thereof, the case assumes a different aspect.

It would hardly be unfair to say that any reasonable man who enters into business relations with a banker, a stockbroker, a member of Lloyds, an auctioneer, an architect, knows that there are certain rules which regulate the dealings of the person with whom he is contracting.

This is, as I have suggested, more clearly the case where there is a definite centre of business, such as the Stock Exchange, but I think the same is equally true where there is a coherent body of men pursuing the same avocation, in touch and communication with each other, though carrying on business independently. Customs may in such case be slower in formation, more difficult of proof, but equally existent and provable.

But the knowledge of the outsider as to such usages and customs must of necessity be vague and uncertain. We all know the rules, even the etiquette of our own walk in life, we have little more than theories about the rules of others.

Still, we do know that there are rules and customs. We don't know precisely what they are, but we know they must and do exist, if only from the analogy of our own business. It is not like the law of the land which, as you all know, we are all presumed to have at our fingers' ends, but it is a knowledge or conviction that there must be some definite code regulating the procedure and dealings of that business, that profession, even in its relation to the outside world. If you dine at a strange club, if you go to stay in barracks or in college, you know you are coming under rules and a system with which you may not be familiar; and though your host may be the person directly responsible, you rule yourself accordingly.

When you go to Rome, you know there are special Roman customs, and you do as Rome does.

Now, this is, I think, the idea underlying the unquestionable doctrine that anyone doing business with a particular section of the mercantile community may within certain limits be bound in those dealings by ascertained, though not expressed, customs peculiar to that section of the mercantile community.

I do not think it makes any substantial difference whether he deals with that section of the mercantile community through the intervention of one of its members, as is the case in Stock Exchange transactions, or whether he personally deals with a member of that section in his individual capacity, as is the case in banking matters.

No doubt where you employ an agent to act for you on a recognized market to which you have no personal access, the deduction is stronger that you authorize him to act for you in the only way he can, namely, in accordance with the rules and customs of that market, so far as they are lawful and not unreasonable, but your resorting yourself to what is equivalent to such market in another branch seems enough to produce the same result.

We may safely, I think, start with the assumption that there may be, and are, customs and usages of every trade and business, which bind persons having business transactions with members of that trade or business in relation thereto, even where no actual knowledge of such custom can be brought home to the outsider. When such express knowledge can be shown, of course, the case is different, and the outsider is bound. But I am now considering the far larger and more important class of cases in which express knowledge is not an element.

Now, what are the characteristics of a trade or business custom which are essential to render it binding on outsiders?

First, it must be a general custom. It must be a custom recognized by the whole trade or business, or, at any rate, by some definite, self-contained branch or constituent part thereof, which, so far as the matter in hand is concerned, represents the whole body.

Take the case of a man dealing on the London Stock Exchange. For the purpose of ascertaining how far he is bound by the customs of the London Stock Exchange, I do not think it is material whether the rules and customs of all Stock Exchanges in England are identical, or whether those of Liverpool or Manchester differ from those of London. Except when it is a question of the law merchant, it seems to me that for this purpose the members of a particular trade or business in each

great commercial centre are treated as though they were a distinct community. I think you could have a custom of the bankers of London without reference to the bankers, say, of Liverpool or Manchester. In *Leese v. Martin*, in 1873, when it was sought to establish a custom among bankers to take charge of their customer's valuables, Vice-Chancellor Hall says, "The defendants, relying, as they do, on the general law that a "banker has a lien on the securities of his customer coming "into his possession in the course of his business as banker, "say that the boxes did not come into their possession as "bankers, in the course of their business as bankers, because "they and other, not all other, bankers in London do allow "their customers to deposit boxes in their strong-rooms. But "this statement falls short of alleging a general custom appli- "cable to all bankers, or even to all bankers in London." Thus implying that a custom general among London bankers might suffice where the question arose with regard to a London banker.

So the custom of bankers in London was held sufficient to justify a London banker in dishonouring a post-dated cheque of his customer's presented for payment before the ostensible date. I do not think, however, that the scope or extent of the custom could be further refined upon. I do not think that a custom of the joint stock banks in London could be set up by a joint stock bank, if the private banks were strangers to such a custom, or *vice versa*. You cannot subdivide one branch of the mercantile community, and set up distinct customs.

And, *a fortiori*, the custom of a particular house or bank is not sufficient to bind the outsider without special knowledge. The custom may be ultimately imported into the relations between him and that house by reason of course of dealing, but we are not treating of that at present.

The custom of one house or one bank can never amount to or constitute a custom or usage of the trade. In *Moore v. Voughton*, in 1816, a banker sought to charge a customer with interest on advances calculated upon half-yearly rests, according to the universal practice of the house, but Lord Ellenboro' held that that claim could not be supported unless it could be proved that the customer knew that it was the practice of that particular bank to charge interest in that way.

And so late as 1861, it was held that the customs of Lloyd's were not binding on an outsider, even though he had instructed an insurance broker at Lloyd's to act for him, inasmuch as the custom of Lloyd's was only the usage of one house, and not a general usage of the trade of London, and so was not binding on anyone ignorant of it, though he effected a policy there; though I must say I should think that case was open to re-consideration.

Universality among the members of the particular trade or business is not, however, by any means the only element requisite in order that the custom may bind outsiders trading with those members.

The custom must be a lawful one. And first, a custom, at any rate to bind outsiders, must not be repugnant to Statute. That must be right. No body of men can set themselves above or outside the statute law. No body of men can usurp the combined functions of Commons, Lords and Crown. If the Statute touches the case, it was meant to govern it, and you cannot repeal it by custom.

Take that case I referred to of the custom on the Stock Exchange to disregard and set at nought the provisions of Leeman's Act as to sales of bank shares.

There, although it seems to have been admitted that as between themselves, the stockbrokers might be bound by their unholy compact, it was distinctly laid down that the innocent outsider, dealing through a broker, was not bound by such custom, and was entitled to repudiate the contract if made according to the laws of the Stock Exchange, and contrary to the Act of Parliament. And I must say I do not look upon this rule as confined to absolute direct contravention of an Act of Parliament. I think it equally applies to a custom which seeks to supplement or to paraphrase an Act of Parliament for the benefit or the protection of the body setting up the custom. It is really the same principle. If an Act of Parliament says certain things shall have certain effects, the presumption is that the Act was necessary to give those things those effects, and you cannot by custom extend those effects to other things not contemplated by the Act of Parliament. This brings us very nearly in touch with some of our old points. Take the Bills of

Exchange Act. That Act, subject to the law merchant so far as it does not run counter to the provisions of the Act, is a code of the law of bills, and must be taken to include and comprise the whole of that law. It says certain things are bills, certain bills are payable to bearer, or to order, it specifies the duties and obligations attaching to the various parties thereto, and so forth. It makes occasional exceptions of customs where it thinks fit; *e.g.*, presentment for acceptance or payment by post where authorized by custom. Now, what earthly right has anyone to set up a custom contravening or, what is really the same thing, extending the provisions of the Act? What right has any body to make a little Bills of Exchange Act for itself? If the Bills of Exchange Act defines bearer cheques in a particular manner, which excludes cheques to wages or order, how can you set up a custom to treat them as bearer cheques? If the Bills of Exchange Act says that certain acceptances shall be qualified, and others unqualified acceptances, and does so in terms which include among unqualified acceptances, a bill drawn on London and accepted payable at St. Petersburg, how can you set up a custom of bankers to treat that as a qualified acceptance? You can no more add to a Statute than you can take away from it.

In *Nailson v. James*, in 1882, which was another of the cases where the custom of the Stock Exchange was set up in opposition to the provisions of Leeman's Act, Lord Coleridge summed up the position neatly as follows:—

"The defence which the defendant has made is this, that "he dealt according to the rules of the Bristol Stock Exchange, "that the plaintiff knew this, and that on that Stock Exchange "there is a custom to disregard the Act of Parliament. . . . "The answer to this is, that the custom, to be good, must be "such as is lawful, and that the defendant cannot by disregard- "ing the provisions of the Act of Parliament profess to make a "contract, and yet at the same time say that it is not really a "contract, because it is not a valid contract by reason of the "Statute."

And Brett, L. J., said, "I think the plaintiff is only bound "by such a custom as is both reasonable and legal, for to that "extent only can a person who is ignorant of a custom be assumed

"to acquiesce in and be bound by it. Now, the contract for "sale which the defendant made did not comply with the terms "of the Act 30 and 31 Vict., c. 29, and was therefore illegal "and void, but it is alleged that by a custom of the Bristol "Stock Exchange, although the defendant undertook to make a "contract for sale, yet he did not undertake to make a contract "which should bind the purchaser. Such a custom, I think, is "both unreasonable and illegal." And Cotton, L. J., said that in his opinion the plaintiff was not bound by such a custom, as it was neither reasonable nor legal.

ON THE COST OF MAINTAINING A MINT

IN view of the largely increased production of gold in the Dominion, and especially in the Province of British Columbia, it is not surprising that a discussion should have arisen as to the desirability of establishing a Canadian mint. The convenience to gold producers of finding a ready market for the metal at the full coinage value is obvious, and the advantages resulting from a local mint have been fully demonstrated in the Australian colonies. There are, however, various considerations which require discussion before it can be assumed that the arguments in favour of free coinage of gold are equally applicable to the Dominion.

As is well known, the coinage establishments of New South Wales, Victoria, and West Australia, are chartered as branches of the Royal British Mint, and their gold output has been recognized as legal tender within the United Kingdom and its dependencies. They coin sovereigns and half sovereigns, of which large numbers pass current in England and in other colonies; but it is obvious that the turnout of, say, 5 dollar pieces from a Canadian mint could not attain to a similar extended circulation, and these would certainly not secure free currency over the border in the United States. The Canadian people have become so habituated to the use of bank notes, which have successfully stood the test of time, and financial and commercial vicissitudes, that there is no immediate likelihood of a large local currency for the new coinage, the fate of which sooner or later would be export in liquidation of trade balances, and consignment to the American or British melting pots. These objections are so obvious that they need not be insisted upon at any greater length, but it may be useful in assisting towards a comprehension of the question to state a few facts and statistics as to Australian experience.

The New South Wales Mint at Sydney has been in operation since May, 1855, and the Victoria establishment was

opened in June, 1872, at Melbourne. The West Australian branch was established in October, 1897, at Perth. It may be stated that the amount expended on the last named buildings up to the end of 1898, amounted to £37,000, and it is estimated that a further £5,500 will be required to complete the machinery and structures.

The latest published statistics of the operations of the Australian mints extends up to, and include the year 1897. The total value of the gold raised in Australasia to that year amounted to £399,381,186, of which 39 per cent. passed through the Sydney and Melbourne Mints, the details of whose operations are as under :—

Mints	Sovereigns	Half Sovereigns	Bullion
Sydney	£81,283,500	£2,622,500	£3,180,245
Melbourne	70,608,283	422,292	6,004,221
Total	£151,891,783	£3,044,792	£9,184,466

No half sovereigns have been issued from either branch since 1893, with the exception of 218,946 coins of that denomination issued in Victoria in 1896. The comparatively large amount of bullion issued from the Melbourne branch mostly takes the form of small bars for export to the Indian market. The gold deposited at the Australian mints is subject to a charge of 1½d. per oz. on the gross weight before melting if the deposit contains 1,000 ozs., and 2d. per oz. if less. It is provided by the Victoria Mint Law that the sum of £20,000 should be paid annually to the establishment from the Consolidated revenue, the unexpended portion of the subsidies to be paid back to the Treasury. The cost of the Mint to the colony, according to a recent return from 1872 to 1893 was £115,488, the net cost averaging £5,249 a year. The latest statement on the subject of cost shows that in 1897 the revenue paid to the Colonial Treasury amounted to £20,992. The unexpended balance of the Mint annuity was £5,003, and the operations of the Mint thus resulted in a net profit to the colony of £5,995 for that year. In the same year the revenue of the Sydney Mint amounted to £11,702, while the expenditure was £13,814.

With reference to the destination of the coins stamped at the Australian mints it appears from a return extending from 1873 to 1897 that, of a total of £121,854,000 gold coin struck, and £10,605,000 imported, or £132,459,000 in all, there was during the same period £867,000 remelted at the mint, and £112,900,000 exported. A note by the Deputy Master of the Melbourne Branch commenting on the above figures draws attention to the fact only 15.34 per cent. of the gold coined at the Melbourne and Sydney Mints during the last twenty-five years has been retained in the colonies coining it. He adds, "The amount actually retained is probably much less than this, "for considerable quantities are taken away by passengers for "Europe, which do not appear in the Custom House returns, "and which probably are not counterbalanced by sums brought "by incoming passengers, the former being only at the "beginning, and the latter at the end of their journey. Thus "in Victoria the amount af all coined metals held by the banks "at the end of 1897 was only £4,166,000 more than they held at "the end of 1872, or only 33 per cent. of the amount apparently "retained in the colony since that date, and in a colony where "the keeping of bank accounts is almost universal, and the "circulation of £1 bank notes very large (the circulation of "bank notes being nearly £1 per head of every man, woman "and child in the colony), it is not probable that the amount of "gold coin in private hands is very large."

With reference to the loss from wear and tear, particulars published by the British Mint show that from the year 1892—when the Coinage Act of 1891 came into force—up to the year 1897, the amount of withdrawals of light coin, both sovereigns and half sovereigns, amounted to £34,200,000, the value of the deficiency in which is stated as no less than £5,028,705, being 2.6d. on each sovereign, and 2.76d. on each half sovereign. The returns of the Sydney branch of the Royal Mint show that the light gold received for recoinage from 1876 to 1897 amounted to £824,995, a net loss of £2,719 or ·336 per cent.

If, however, it is a correct assumption that with the establishment of a mint for the coinage of Canadian pieces, the bulk of the coin must come to be remelted for export, then the most serious item of the cost of maintaining a gold

coinage would arise from the loss in melting and remelting. The loss which occurs in the process of coinage is referred to in the last report of the British Mint in the following terms: "The gross loss during the year 1897-1898 on a coinage of "£5,718,000, was at the rate of £751 16s. 4d. per £1,000,000, and "if the sum realized by the sale of 'sweep' on this amount "be deducted, it is seen that the net loss was at the rate of "about £647 per £1,000,000."

F. R. McDERMOTT

Daily News Office, London, Eng., June, 1899

PRIZE ESSAY COMPETITION, 1899

The following subjects have been selected by the Essay Committee, for the next Prize Essay Competitions:

SENIOR COMPETITION

1. What do you consider to be the essential features of a Dominion Insolvency Act, and what special machinery, if any, would you propose to simplify the action of such a law?

A First Prize of - - - $100
A Second Prize of - - - 60

JUNIOR COMPETITION

2. What do you consider the best safeguards against the robbery of a bank by an employee or an outsider, taking bank fittings into consideration for instance, open versus rail counters, etc., etc.

A First Prize of - - - $60
A Second Prize of - - - 40

Any Associate is eligible for the Senior Competition.

Competitors eligible for Junior Competition will comprise all Associates under twenty-five years of age.

The essays in either subject are not to exceed 7,500 words. All essays must be typewritten, having the writer's *nom de plume* or motto, also typewritten, subscribed thereto, and be mailed not later than the first day of July, under cover addressed to the President, Canadian Bankers' Association, Montreal.

The address on the envelope containing the essay must be typewritten, and to insure identification of the essayist a separate sealed envelope, containing the name, rank and place of employment of the competitor, and with his *nom de plume* or motto on the outside, must accompany the essay.

A Special Committee will examine the essays and decide the prize winners.

The Prize Essays will remain the property of the Association.

The envelopes of successful competitors only will be opened except on request.

THOS. MCDOUGALL,
President

Montreal, 27th April, 1899

CORRESPONDENCE

MINOR PROFITS—CHARGES FOR CONDUCTING ACTIVE SMALL CURRENT ACCOUNTS

To the Editing Committee:

GENTLEMEN,—From the last number of the London *Economist* I see that the banks in our sister country of Australia have adopted a resolution to charge a commission on certain of their customers' accounts.

It would appear that in that country as in ours rates of interest have been falling through the keen competition for any good business that offers, and I presume it is found that the reduced rate does not compensate for the amount of service performed.

It seems to me the time has come when bankers in the Dominion can, advantageously to themselves, consider the point as to whether the banking facilities offered to the trading community and others are sufficiently recompensed.

When rates of interest on good advances ruled from seven to ten per cent., and customers were always charged for exchange bought on outside points, the accounts of the traders could be kept free of charge to them. But nowadays when interest rates have fallen from the above to four and five per cent on first-class loans, and when six per cent. is quite a common figure, it is apparent that banks cannot continue to make profits in their business without some compensating charges.

For some time it has appeared to me to be worth the consideration of our executive council whether an agreement could not be drawn out so worded as to be satisfactory to all general managers, by which all banks would undertake to charge accounts a given rate on their turnover, or better still, a fixed charge for keeping the account, to be debited half yearly.

The charge would vary according to the size of the account,

and it could perhaps be arranged that while the actual charge would not be calculated on the amount of the turnover, the latter could form a base, and the average balance kept in the account would be considered in deciding what the account is worth.

It might be said that the increase in business arising from the natural development of the Dominion will in course of time compensate us for the reduced rate of interest, but I do not see how it is apparent.

It must be borne in mind that many small traders depend largely on their "bank books" for their bookkeeping, and yet do not pay anything for the service, even in the way of keeping a satisfactory balance.

It would be interesting to have some expressions of opinion on this matter from bankers in the Dominion.

Yours faithfully,

AN ASSOCIATE

Of the Canadian Bankers' Association

VICTORIA, B.C., April 25th, 1899

PROTECTION AGAINST BURGLARY

To the Editing Committee:

DEAR SIRS,—Will you allow me to make the suggestion through your columns that the Association should adopt some plan for mutual insurance and protection against loss by burglary. The recent daring burglaries have shown the necessity of more efficient protection, especially in small towns, and have shaken our confidence in many trusted safeguards. With every improvement in the construction of safes the criminal appears to have kept pace, until it is generally conceded that there is no such thing as a burglar-proof safe.

What seems to be wanted is an organization, which would so relentlessly pursue the burglar as to drive him out of business. Such an organization might also arrange to indemnify its members for any loss from burglary, sneak-thieving, or "hold-up."

In the Canadian Bankers' Association we already have an organization which is fully equal to this task.

The experience of mutual casualty companies in the United States seems to show that the bankers themselves can provide against losses of this nature more cheaply and effectually than any of the existing insurance companies.

A reserve fund would have to be created, and then an annual premium, graded to the risk involved, could be exacted from each branch bank. Experts would have to inspect the various premises and classify the risks according to the safeguards adopted.

The loss by burglary has exceeded the loss by fire in the last two years of banking history, and such a state of affairs surely calls for concerted action on the part of the banks.

Yours respectfully,

J. P. BELL

GEORGETOWN, May 19th, 1899

OBITUARY

GRINDLAY, WILLIAM—Born at Edinburgh, in 1834—Entered the service of the Bank of British North America in 1863, was appointed Inspector in 1872, Manager of the Ottawa branch in 1878, and Manager at Toronto in 1879, being superannuated in 1897. His death occurred on 19th June.

Mr. Grindlay occupied the honorary position of Secretary of the Toronto Clearing House Association from its inception until the time of his retirement from active service in the Bank of British North America.

KENNEDY, FRANK—Born at Charlottetown in 1857—Entered the Union Bank of Prince Edward Island and became an officer of the Bank of Nova Scotia when the two banks

were amalgamated in 1883. He was promoted from the Accountancy of the Halifax branch to the charge of the Annapolis agency, and thence in 1892 to the Managership of the Montreal office, which latter position he occupied until his death, which occurred on 25th May.

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PENFOLD, JEFFREY—Born at Folkestone, England, in 1834. Mr. Penfold came to Canada in 1854 to enter the service of the Bank of British North America at Montreal. After some years' service at Montreal and Quebec he was made Manager at Kingston, subsequently Manager at Halifax, and in 1879 he was promoted to the important position of Manager of the Montreal branch, which position he continued to occupy until his death on 3rd July instant.

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RICHARDSON, ROBERT—Born in Yorkshire, in 1827, and came to Canada at the age of 15 years. He graduated at Queen's College, Kingston, immediately afterwards entering the service of the Bank of Montreal. He was Manager of that bank successively at Port Hope, Perth, Peterboro and Belleville, serving at the latter point for a period of about 26 years, until his superannuation in 1896. He died on 21st June.

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ROBINSON, G. A.—Formerly Manager of the Bank of British North America at Kingston, Ontario. Died at Denver, Colorado, on 28th June.

QUESTIONS ON POINTS OF PRACTICAL INTEREST

THE Editing Committee are prepared to reply through this column to enquiries of Associates or subscribers from time to time on matters of law or banking practice, under the advice of Counsel where the law is not clearly established.

In order to make this service of additional value, the Committee will reply direct by letter where an opinion is desired promptly, in which case stamp should be enclosed.

The questions received since the last issue of the JOURNAL are appended, together with the answers of the Committee:

Cheque certified by a bank "good for two days only"

QUESTION 228.—Can a bank refuse payment of a cheque which it has marked "good for two days only" if presented after the expiration of the two days?

ANSWER.—We think that after the two days have expired the cheque must be regarded as though it had not been marked by the bank, and if there are then no funds its refusal would seem to be in order.

Bills drawn on two or more drawees alternatively or in succession

QUESTION 229.—A draft is drawn on

(1) John Smith or
Joseph Brown.

(2) John Smith, or failing him
Joseph Brown.

Would not these, under section 6, sub-section 2, of the Bills of Exchange Act, be simply orders for the payment of money and not bills of exchange? What would be the holder's rights against the drawer and acceptor?

ANSWER.—Drafts in either of these forms would not be bills of exchange. The first is addressed to two drawees alternatively, and the second to two drawees in succession.

As to the right of the holder against the parties, we think that they would constitute on the part of the quasi acceptors a contract to pay the money, which could be enforced in the same way as other contracts are enforceable. As to the drawer, we do not see on what ground the holders could sue him unless they had an understanding with him apart from the order itself, which would make him liable. The rights and liabilities of the parties on these documents would be entirely outside the law respecting bills of exchange.

Unclaimed dividends

QUESTION 230.—Sec. 88 of the Bank Act requires a return to be made annually of all dividends which have remained unpaid beyond five years. Are not such dividends, as arrears of interest, outlawed in many of the provinces under provisions respecting prescription?

ANSWER.—Under sec. 90 of the Bank Act the liability of the bank to repay moneys deposited, with the interest if any, and to pay dividends declared on its capital stock, is exempt from the operation of the Statute of Limitations or any law relating to prescription. This clause is retroactive.

Endorsement "J. Smith" on cheque to order of Joseph Smith

QUESTION 231.—A cheque payable to the order of Joseph Smith is endorsed "J. Smith." Would the bank be justified in refusing to pay it if endorsed by and presented by another customer?

ANSWER.—Such an endorsement is as valid, if made by the payee of the cheque, as the full endorsement "Joseph Smith" would be, and we think that the bank would not be justified in refusing to pay the cheque, except under circumstances or for reasons which would cause them to refuse if the full name had been signed.

Right of a bank to set off a balance at credit of a customer's account, against a matured note on which the latter is an endorser or promissor

QUESTION 232.—A bank's customer dies leaving a balance at credit of his account, which is believed to be his own money. Can the bank set off against this balance the amount of two notes on which he is promissor or endorser, one of which had matured at the time of his death, and the other matured shortly afterwards.

How would it be if it were shown that although the account was in his own name the money was trust money?

ANSWER.—If the facts are as indicated in the first question above, the bank has the right to set off the liability as promissor or endorser on matured paper against its customer's deposit. But see the reply to question 234.

As to the second question, if the account stood in the customer's name simply, although the moneys were trust funds, the rule would seem to be that unless the bank had knowledge of the trust it could still exercise the right of set-off. See *Union Bank of Australia v. Murray-Aynsley* reported at page 319 of the current volume of the JOURNAL.

Joint deposits—Executors

QUESTION 233.—An account is opened in name of three executors. One dies leaving no will, and his heirs make an arrangement between themselves regarding his estate. Should the bank allow the remaining two executors to draw the money? No provision was made in the will for the appointment of a substitute in the event of the death of any of the executors.

ANSWER.—This question is in effect answered in the reply to question 213. Under the ordinary rule two survivors of three depositors would be entitled to draw the money. In addition to this it will be seen from sub-sec. 2 of sec. 84 of the Bank Act that where trust money stands in the name of three persons the receipt of two is a sufficient discharge therefor. Even if the three executors were alive the bank would be authorized to pay the money to two of them, although as a practice this is open to objection.

If out of three executors one should die, the estate is vested in the remaining two. If a second dies it becomes vested in the survivor, and although he has power, and it may be his duty, to appoint another trustee, still until this is actually done he has full control of the trust estate. Should he die the control passes to his executors, then to the surviving executors, or executor, then to the executors of the last surviving executor, and so on.

Right of a bank to hold balance at credit of a customer's account as security for an unmatured note

QUESTION 234.—A bank discounts a note with its customer's endorsement. Before the note matures the customer dies. Has the bank the right to hold back sufficient money of any balance deceased may have had at credit, as security until the note matures, it having good reason to suppose that the maker of the note cannot pay same?

ANSWER.—Until the note has matured the bank has no claim against the customer's estate which it would have a right to enforce. It cannot hold back any balance at his credit.

Stock Transfers

QUESTION 235.—Referring to Question 226, Article 1706 of the Civil Code of Lower Canada provides that "an agent employed to buy or sell a thing cannot be the buyer or seller of it on his own account." Does not a transfer or acceptance of stock imply a sale or purchase. What then if a bank allows A to transfer stock to himself in trust, or as attorney?

ANSWER.—The Article quoted has reference only to an agent's powers as between himself and his principal. It has no bearing on the point raised in the question.

Draft accompanied by bill of lading for payment—Surrender of bill of lading to drawee to enable him to examine goods

QUESTION 236.—A bank holds a bill for collection, with bill of lading and certified invoice attached to be surrendered on payment only, the goods being in bond. Is the bank justified in surrendering any of the documents for the purpose of enabling the drawees to examine the goods, and what risk would it run by so doing?

ANSWER.—The bank would be responsible to the owners of the bill for any injury or loss caused by its action. What this might be would depend altogether on the circumstances, but the bank, by acting against its instructions, clearly takes on itself gratuitously whatever responsibility there may be.

Cheque payable to and presented by an insolvent who has just assigned

QUESTION 237.—(1) A party having just assigned receives, subsequent to assignment, two cheques, one from a creditor of the estate, and one from a friend, both drawn payable to his own order. Is the bank, knowing of the duly registered assignment, justified in cashing to the payee on his endorsement either or both cheques?

(2) Would the bank, unaware of the assignment, and cashing in good faith, be responsible?

(3) What is the responsibility of the drawee of the cheques in above instances?

ANSWER.—The duty of the bank to its customer is to cash his cheques if there be funds therefor, in accordance with the

directions therein. It is a matter between the drawer of the cheques and the assignee of the insolvent, or a matter between the insolvent and his assignee, and not one for the bank to consider with respect to the effect of the assignment. The assignment does not affect the order of the customer contained in the cheques, and in the absence of instructions from the customer the bank is not only justified in honouring them but might be rendered liable for damages if it did not do so.

Money found in the public department of a bank

QUESTION 238.—A small sum has been found on the floor of the bank outside the counter. The party finding it has handed it to the manager, stating that he will consider himself entitled to the money in the event of its being unclaimed. Has he a legal right to it or should the money be retained by the bank?

ANSWER.—The money should be returned to the finder unless the true owner turns up.*

Bill of lading to the order of a bank—Goods delivered by the carrier to someone other than the bank without the latter's authority

QUESTION 239.—A bank cashes a draft accompanied by a bill of lading drawn to the order of the bank. If the carrier should deliver the goods to someone other than the bank, can he be held accountable by the bank?

ANSWER.—Assuming that by a bill of lading drawn to the order of the bank is meant a bill of lading in which the bank is named as consignee, the carrier could be held accountable. R.S.O. cap. 145, sec. 5, sub-sec. 1, enacts as follows:

"Every consignee of goods named in a bill of lading and "every endorsee of a bill of lading to whom the property in "the goods therein mentioned passes upon or by reason of such "consignment or endorsement, shall have transferred to and "vested in him all rights of action, and be subject to the same "liabilities in respect of the goods as if the contract contained "in the bill of lading had been made to himself."

Endorsement stamps "pay to any bank"

QUESTION 240.—Is there any essential difference between the clauses "pay any bank or order" and "pay to the order of any bank"?

ANSWER.—There is no practical difference.

See *Bridges v. Hawkesworth, Law Journal Reports*, 1852.

Bank "agents" and "managers"

QUESTION 241.—What is the difference between "agent" and "manager" as applied to managers of branches?

ANSWER.—The term "agent" is used by some of the banks altogether in lieu of "manager," but in other cases the term "agent" is used to indicate a standing somewhat different from that of a regularly appointed manager.

Insurance and assurance

QUESTION 242.—What is the difference between "insurance" and "assurance"?

ANSWER.—The terms are used interchangeably.

Cheque dishonoured and paid after some days' delay—Holder's right to interest

QUESTION 243.—A cheque dishonoured on 9th April is to be paid on 15th May. Has the holder a legal claim on the drawer for interest?

ANSWER.—A cheque is a bill of exchange payable on demand. The cheque was presented and dishonoured on April 9th. The holder may recover from the drawer the amount of the cheque and interest from the time of presentment for payment. (Bills of Exchange Act, secs. 72 and 57).

Accounts in names of "A B, sheriff" and "C D, trust account"—Right of a bank to charge thereto personal acceptances

QUESTION 244.—If a draft is accepted by A B and C D individually, A B having an account styled "A B, sheriff," and C D a trust account, neither of them having an individual account, is it necessary for A B to accept it "A B, sheriff" and "C D, trust account" before the drafts may be charged to their respective accounts.

ANSWER.—It would not be safe for the bank to apply to payment of a draft accepted by A B and C D individually, effects deposited as stated, at all events without further authority than appears upon the face of the acceptance which *prima facie* is not to be considered as drawn against either of the accounts mentioned.

Note payable at payee's office—Death of payee

QUESTION 245.—A note is made to read as follows: "I promise to pay A B or order at his office, &c." A B endorses

the note and has it discounted. Before it is due A B dies and his office is closed up. Where must the note be presented for payment in order to hold A B's estate on his endorsement?

ANSWER.—The note must be presented at A B's former office, and if refused or there is no one there to answer, it should be protested. See sec. 45, sub-sec. 3.

Security under section 74 of the Bank Act

QUESTION 246.—A bank agrees to make an advance to Brown Bros. on the security of hogs. The hogs are the property of the firm but are in possession of Robert Brown, one of the partners. Should the assignment under sec. 74 of the Bank Act be taken from Robert Brown or from the firm?

ANSWER.—The assignment must be taken from the owner of the goods, in this instance the firm of Brown Bros. It is not necessary that the goods should be in the owner's possession in order to validate the assignment, but the name of the person in whose possession they are should be mentioned, as also the place or places where the hogs are kept.

Deposits between banks at points where there is no clearing house

QUESTION 247.—Two banks, at a point where there is no clearing house, exchange deposits before eleven o'clock each day. 1. Is it permissible for either to make a second deposit before three o'clock, or should second deposit, if allowed at all, be made before twelve o'clock? 2. In case a second deposit is made can the depositing bank, provided the balance is in their favour, demand a settlement on the same day?

ANSWER.—In the absence of any local agreement on the subject, either bank may make a second deposit at any time up to three o'clock and demand a settlement cheque. We believe, however, that it is the practice of banks at most points to make their bank deposits before a certain hour each morning, and we think it desirable that this practice should not be infringed.

Stock in an American bank taken as security for advances made by a bank in Canada

QUESTION 248.—(1) Referring to sec. 64 of the Bank Act, may a Canadian bank legally lend money on the security of shares in an American bank.

(2) If not, and if such security were taken for an existing overdraft, would the security be released as soon as in the

ordinary course of business the credits in the account aggregated the amount of the overdraft at the date upon which the security was taken,—notwithstanding that the debit entries during the same period were sufficient to keep the overdraft from being reduced?

ANSWER.—(1) We are of opinion that section 64 applies to the stock of a bank in the United States as well as to stock in Canadian banks, and that a bank here cannot lawfully lend money on the security of such stock. It can, of course, take security on bank stock, as on any other property, for an existing indebtedness.

(2) To what extent such security, if taken for an existing overdraft, would be affected by further transactions in the account would depend on the agreement between the parties, and would not be affected by the terms of the section of the Bank Act quoted above. Under the ordinary rules credits in an overdrawn account would be imputed to the earlier debits, so that the debt existing at any time might be wiped out by later deposits, and the later cheques would create a new debt. There is, however, nothing to prevent the bank having an agreement with the customer that moneys deposited to the credit of an overdrawn account shall not be imputed as a payment on an earlier debt, and this agreement may be express or may be implied from the course of dealing.

Letters of Credit—Transferability

QUESTION 249.—Is the right to draw under the ordinary Letter of Credit, issued by a Canadian bank, transferable by an endorsement on the credit to the following effect: "For value received I hereby transfer this Letter of Credit and the balance due thereunder to C D"?

ANSWER.—We do not think that the assignment of the Letter of Credit would transfer the right to draw, and there is no amount due under the credit, at any rate by the bank on which it is drawn. We see no difficulty, however, in the party giving a power of attorney, under which a third person might avail himself of the credit, but only in the name and on behalf of the party accredited.

Deposit Account "in trust"—Executor's right to withdraw funds

QUESTION 250.—Where a client of a bank opens an account in his own name "in trust" and dies when the account is in funds, can his executor give a valid discharge to the Bank by

signing so and so "in trust" by his executor so and so? Subsection 2, section 84, Bank Act, does not state that a depositor's executor has this power; does it imply it?

ANSWER.—The fact that the testator was a trustee or that the account was in his name "in trust" does not alter the powers of the executor. It would be preferable that he should sign, not the testator's name, but his own as executor, adding the words "in trust."

Grand Trunk Railway and Canadian Pacific Railway pay cheques

QUESTION 251.—Are the vouchers issued by the Grand Trunk and Canadian Pacific Railway Companies, cheques? An article in the English *Bankers' Magazine* for April calls attention to a judgment declaring that even cheques on a bank requiring the receipt of the payee to be attached, do not come under the Bills of Exchange Act.*

ANSWER.—A cheque must be an unconditional order to pay and must be addressed to a bank. We are inclined to think each of the documents referred to would be held to be addressed to a bank. There does not appear to be anything in the case of the Grand Trunk order which can be said to make it conditional. No receipt seems to be required before payment is to be made. The better opinion would seem to be that this document is a cheque.

The Canadian Pacific order requires, in case of payment by an agent, that it be first "properly endorsed," and the form of receipt being upon the back of the order, a "proper endorsement" would possibly be held to be a signature of the receipt, and nothing less. But there is nothing in the body of the order—that portion of the document which directs the Bank of Montreal to pay to the order of the payee—expressly making the signing of the receipt a condition without fulfilment of which the bank is not to pay, and we do not find anything which satisfies us that in the case of the bank, such a condition is implied.

Bills requiring presentation by mail—Power of attorney in favour of a bank manager, to Accept, signed for a firm by one of the partners

QUESTION 252.—A bill is drawn on a firm doing business at a point where there are no banking facilities, and is sent for

*See *Bavins Jun. and Sims v. London and Southwestern Bank*, in this number of the JOURNAL.

collection to the nearest bank. The latter sends the drawee the usual form of power of attorney in favour of its Manager, to accept the bill, which is returned with the firm's name signed thereto by one of the partners. Is the acceptance of the bill under this power of attorney binding on the firm?

ANSWER.—We dealt with the question as to one partner's power to appoint an attorney for the firm in our last number. (See page 318). We are inclined to think that a power of attorney, given under the circumstances mentioned in the question, would bind the firm. We are assuming that the bill was drawn for a partnership transaction and that the power of attorney was confined to accepting that bill.

Warehouse receipts issued by a limited liability company

QUESTION 253.—Are warehouse receipts given by a limited liability company legal? If so, who would be responsible if the receipts contained misstatements, or were issued in fraud?

ANSWER.—Such warehouse receipts would be legal if the powers of the company under its charter were wide enough to enable it to issue them. We could not say who would be responsible for the misstatements or fraud without knowing the circumstances. Each case would depend upon the circumstances surrounding it.

Life insurance policies issued by friendly societies

QUESTION 254.—Can a life insurance policy in a friendly society be transferred to a chartered bank as collateral for advances?

ANSWER.—The answer to this question would depend upon the form in which the policy was issued, and possibly as well on the by-laws of the Society, but if there be nothing in the policy or by-laws to prevent the assignment to the bank the assignment as collateral for advances would be good.

Legal

LEGAL DECISIONS AFFECTING BANKERS

PRIVY COUNCIL, ENGLAND

Gaden v. The Newfoundland Savings Bank*

Unless a specific usage is proved, the only effect of a drawee bank initialling a cheque drawn upon it is to certify that it has funds of the drawer in its hands sufficient to meet its payment :—

Held, that the respondent bank, by accepting a deposit of a certified cheque and crediting the depositor with the amount thereof in her account, must be deemed to have accepted it for the purpose of cashing it as the depositor's agent, and could not, in the absence of express agreement to that effect, be deemed to have acquired title to it in consideration of the credit entry, and thus to have gratuitously guaranteed its payment by the drawee bank.

Appeal from a decree of the Supreme Court (Aug. 9th, 1897) affirming a decree of Winter, J., in favour of the respondents.

The facts were stated in a joint case filed by the parties and are set out in their Lordships' judgment. The two which were most material, and on which the dispute turned, were that the drawee, that is the Commercial Bank, had initialled the appellant's cheque, and the respondent bank had on her deposit of the same, credited her in account with the amount thereof. The drawee bank failed before the cheque was cashed, and the appellant claimed a right to recover the amount from the respondent bank, as the legal effect of the deposit and credit entry, no case of negligence being alleged or proved as regards the presentation of the cheque by the respondent for payment.

It was contended in the Supreme Court, on behalf of the appellant, that the transfer by the appellant of the cheque certified as stated to the respondent bank, did, in pursuance of universal custom, operate as the payment in cash of the amount for which the said cheque was drawn; that the

**The Law Reports.*

respondent bank thereupon became holders for value of the said cheque, and accepted the drawee bank as their debtors for the amount of the same; that in truth and fact the respondent bank had accepted and treated the said cheque as equivalent to the said amount in cash by crediting the appellant for the same in her bank book, and had in fact looked to the drawee bank for payment of the same; and that the respondent bank ought not now to be heard to say that they accepted the said cheque only upon the condition of its being honoured by the said Commercial Bank or conditionally at all.

It was further contended that, even if the said cheque was presented by the respondent bank in due course to the said Commercial Bank, no due or proper notice of dishonour was given to the appellant by the respondent bank.

The judgment of their Lordships was delivered by

SIR HENRY STRONG: This is an appeal from the Supreme Court of Newfoundland in an action instituted by the appellant against the respondent.

For the purpose of this appeal the facts are stated in a joint case and in the admissions of the parties.

On December 8th, 1894, the appellant, having to her credit in the Commercial Bank at St. John's the sum of $3,850.07, went about 11 o'clock on the morning of that day to the bank and there drew a cheque payable to herself or bearer for the full amount of her balance, and presented it to the ledger-keeper, who, by direction of the manager, certified it in the usual manner by writing his initials across it, and delivered it thus initialled to the appellant. At the same time the cheque was charged to the appellant's account in the books of the bank, and an entry was also made in her pass-book balancing the account. This cheque the appellant immediately took to the office of the respondents, the Savings Bank, and there, without endorsing it, deposited it; and an entry was thereupon made by the respondents' officer in the appellant's Savings Bank pass-book in these words: "1894, December 8th, deposit $3,850.07."

On the same day, Saturday, December 8th, the Savings Bank deposited the cheque with the Union Bank at St. John's. On the following Monday, December 10th, the Union Bank presented the cheque to the Commercial Bank for payment, when it was dishonoured. The Commercial Bank suspended payment on the morning of that day, December 10th, and has never since resumed payment, but has been declared insolvent under an Act of the Colonial Legislature providing for its winding-up. The cheque was returned by the Union Bank to the Savings

Bank. No notice of dishonour was sent to the appellant until December 14th. It is admitted that if the cheque had been presented to the Commercial Bank on the day on which it was drawn, Saturday, December 8th, it would have been paid.

The appellant demanded payment of the amount of the cheque from the respondent, which having been refused, she brought her action for its recovery.

The allegation of the appellant in her petition is that she had deposited money to the amount in question with the respondent, and that the latter had given her credit therefor in the bank-book issued to her by the Savings Bank. No case asking relief on the ground of negligence or breach of duty, or any other ground than that of money had and received, was made by the appellant.

To this petition the respondent pleaded that the amount sued for consisted of a cheque drawn by the appellant in favour of herself upon the Commercial Bank; that the cheque was duly presented and dishonoured, and that the appellant had notice of presentment and dishonour. The appellant by her reply denied due notice of dishonour, and further alleged that the cheque was certified and initialled, and transferred to the respondent the money of the appellant then lying in the Commercial Bank; that the cheque was paid to and accepted by the Savings Bank, and the appellant credited with the amount thereof; and the appellant denied that the Commercial Bank became and was declared insolvent before the time had elapsed within which the respondent could have presented the cheque, and suggested that the respondent was guilty of laches in not presenting it earlier. Upon these pleadings the case came on to be heard before Winter, J., without a jury, who, after hearing the deposition of the appellant and that of the ledger-keeper of the Commercial Bank, as well as that of a witness called to prove the custom of bankers at St. John's as to the initialling of cheques, gave judgment for the respondent. The cause was subsequently reheard before the Full Court, which affirmed the judgment of Winter, J.

The law of Newfoundland relating to cheques is contained in c. 93 of the Consolidated Statutes. By sec. 72 of that Act it is enacted that:—

"A cheque is a bill of exchange drawn on a banker payable on demand, and except as otherwise provided, the provisions of this chapter applicable to a bill of exchange payable on demand apply to a cheque."

By sec. 73 of the same Act it is enacted that:—

"(1) Where a cheque is not presented for payment within a reasonable time of its issue and the drawer or person on whose account it is drawn had the right at the time of such

presentment as between him and the banker to have the cheque paid and suffers actual damage through the delay, he is discharged to the extent of such damage, that is to say to the extent to which such drawer or person is a creditor of such banker to a larger amount than he would have been had such a cheque been paid;

"(2) In determining what is a reasonable time regard should be had to the nature of the instrument, the usage of trade and of bankers and the facts of the particular case."

Permission was given to the appellant to amend her pleadings, if she thought fit to do so, in order to make a case of negligence or breach of duty on the part of the respondent, but she declined to avail herself of such permission.

Their Lordships are of opinion that the Courts below were right in holding that the presentment of the cheque for payment was in reasonable time.

It was contended on behalf of the appellant that the initialling of the cheque had the effect of making it current as cash. It does not, however, appear to their Lordships, in the absence of evidence of such a usage, that any such effect can be attributed to this mode of indicating the acceptance of a cheque by the bank on which it is drawn. A cheque certified before delivery is subject, as regards its subsequent negotiation, to all the rules applicable to uncertified cheques. The only effect of the certifying is to give the cheque additional currency by showing on the face that it is drawn in good faith on funds sufficient to meet its payment, and by adding to the credit of the drawer that of the bank on which it is drawn.

The entry in the pass-book has been much relied on as showing that the respondents accepted the cheque as cash; but such entries are not conclusive: they are admissions only, and, as in the case of receipts for the payment of money, they do not debar the party sought to be bound by them from showing the real nature of the transactions which they are intended to record.

The question for decision is therefore reduced to this: Did the respondent acquire title to this cheque by discounting or purchasing it, or was it received merely on deposit for the purpose of collection with the further understanding that the amount when paid should be considered as a fund deposited by the appellant with the respondent on which the latter was to pay interest? In the absence of evidence of any express agreement between the appellant and the officer of the Savings Bank at the time of the deposit, the intention of the parties can only be implied from the circumstances in proof, including the fact that the cheque was certified. Is it to be inferred from this alone that the respondent, which was not a bank of discount,

but whose duty and business it was merely to receive money on deposit, so far departed from its duty as well as from its general course of business, which must be presumed to have been in accordance with its duty, as to have accepted this cheque, not by way of deposit and for the purpose of obtaining the cash for it in the usual way, as the agents of the appellant, but with the intention of acquiring title to it, and thus in effect gratuitously guaranteeing its payment? Their Lordships are of opinion that there can be only one answer to this question—that which has been given by the Courts below. If there was any such agreement as the appellant sets up, it lay upon her to furnish proof of it, but in this she has wholly failed.

As regards authority, no decided case proceeding upon a state of facts precisely similar to the present has been cited, and their Lordships have not been able to discover any such authority in the reports of the English Courts. Upon a different state of facts, raising substantially the same question as that involved in this appeal, there is however ample authority. Had the respondent instead of the drawee bank become insolvent before presentment, and had the cheque been found by its assignees or liquidators in specie amongst the assets, and had it been claimed by them as against the appellant to belong to the estate of the Savings Bank, the question involving the title to the cheque would have been precisely the same as that now presented for decision. In such a case numerous authorities are to be found which apply to the case under appeal. In *Giles v. Perkins*, a case arising between the customers of bankers who had become bankrupt and the assignees of the latter, it was held that bills which had been deposited by the customers and credited and treated as cash by the bankers, the depositors being authorized to draw against them, had not become the property of the bankers. The assignees having found such bills in specie in the hands of the bankrupts, and having received payment of them, were held bound to account for the proceeds to the customers whose title to the bills it was held had never been divested. And this case was affirmed and followed in the latter case of *Thompson v. Giles*, under circumstances even stronger to show a change of title, inasmuch as in the last case the customers had endorsed the bills. If, therefore, the case had been the converse of that before their Lordships, and the appellant had been claiming title to the cheque instead of seeking to repudiate it, the authorities above cited, which could be largely added to, would be decisive to show that the cheque had never ceased to be the property of the appellant, and no reason can be suggested why the same conclusion should not be reached in the present case.

Their lordships will humbly advise Her Majesty to dismiss the appeal and affirm the judgment appealed against.

The appellant must pay the respondent's costs.

CHANCERY DIVISION, ENGLAND

In re Griffin; Griffin v. Griffin*

The endorsement and delivery of a banker's deposit receipt (not transferable) is a complete gift where the donor appoints the donee his executor, although no notice is given to the bank by the donor.

On November 11th, 1878, the testator deposited a sum of money with the Leicestershire Bank, and received a deposit receipt for the amount. The note stated that it was not transferable and that cheques could not be drawn against it.

The testator had two sons, Joseph and Thomas Griffin, and by his will in 1872 he left to them all his property. Joseph died in 1881. In 1885 Thomas referred to his father's will, stating that he, Thomas, had four children, whereas Joseph had left only one child and a widow. Thomas suggested that the testator should back the deposit receipt and give it to him in cash. The testator accordingly endorsed the deposit receipt to Thomas and handed it to him saying, "There you are, my lad, that is yours."

The testator died in 1886, and his will was proved by Thomas Griffin and another, the surviving executors. No notice of the assignment was given to the bank until after the death of the testator.

In 1890 Thomas Griffin applied to the bank for the amount of the deposit receipt and interest, his co-executor having died in 1888.

The widow of Joseph Griffin brought an action claiming one-half of the deposit receipt and interest, or administration of the testator's estate.

BYRNE, J.: The question to be determined is whether the defendant is entitled to retain the amount for his own benefit or is liable to account for it as part of the testator's estate. This depends upon whether there was or was not a complete gift or equitable assignment of the amount due from the bank. For

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the plaintiff it is argued that the endorsement on the receipt was mere authority to pay, equivalent to a cheque or order to pay, and revoked by the death of the donor before being acted upon, and that the transaction did not amount to a complete gift or equitable assignment; while for the defendant it is argued that there was a complete equitable assignment when the document endorsed was handed over to the defendant, or that, even if the gift was not then complete, it became so on the death of the testator, when the defendant's appointment as executor took effect.

The deposit receipt is clearly not a negotiable instrument, nor by the terms of the deposit could cheques be drawn against it. And I think that the order to pay, being endorsed on the receipt, sufficiently identifies the fund to be paid as being the fund referred to in the receipt. It does not, in my opinion, fall within the class of cases in which the direction has been held to be a mere mandate from a principal to his own agent to pay a debt out of a certain fund, which is revocable by death. It is addressed to the debtor or holder of the fund.

The general principles relating to voluntary settlements and declarations of trust are clearly summarized in the judgment of Lord Justice Turner in *Milroy v. Lord*, from which, for the purposes of the present case, I need only read a short passage: "I take the law of this Court to be well settled, that, in order to render a voluntary settlement valid and effectual, the settler must have done everything which, according to the nature of the property comprised in the settlement, was necessary to be done in order to transfer the property and render the settlement binding upon him." It is, I think, clear that the test is whether anything remains to be done by the donor—not by the donee—see *Fortescue v. Barnett*, and *Donaldson v. Donaldson* —and the fact that notice was not given to the bank does not render the gift incomplete—see *Patrick, In re; Bills v. Tatham* —although the omission to give notice might under some circumstances enable a better title to the subject-matter of the gift to arise in a third person.

In the present case the donor appears to me to have done everything required to be done by him necessary to transfer the debt or fund to the defendant. He gave an order to pay, endorsed on the document, without the production of which the bank would not pay, and he handed over the document itself to his son, thereby putting it out of his own power to claim the money. It was not necessary to give notice to the bank, and if it had been, it would devolve upon the donee, and not upon the donor, to give it. Had the defendant applied to the bank for payment the bank would have paid him on production of the receipt and endorsement, subject to being satisfied of the genuineness of

the signature to the endorsement. To operate as an equitable assignment no particular form of words is required in the document—an engagement or direction to pay, out of a debt or fund, a sum of money, constitutes an equitable assignment, though it does not operate as an assignment of the whole fund or debt (per Lord Justice Chitty in *Durham Brothers v. Robertson*), and a direction to pay the whole debt constitutes an equitable assignment of the whole debt.

I think, therefore, that the defendant is entitled to succeed on this ground; but, even assuming the gift to have been otherwise incomplete, I think that, having regard to the reasoning upon which the decision of Sir George Jessel in *Strong v. Bird* is founded, it would be impossible to say that the operation of the appointment of the defendant as executor was not to complete the title, unless I were to reject, at all events, some part of such reasoning. The actual decision in *Strong v. Bird* has been followed by Mr. Justice Stirling in *Applebee, In re; Leveson v. Beales*, a case in which the executor had not proved the will. I see no ground for saying that the reasoning in *Strong v. Bird* is not applicable in the present case. In *Moore v. Ulster Banking Co.* it was sought to make out that there had been an effectual transfer, but the attempt failed because the instrument was not negotiable, and there was no order or direction to pay.

QUEEN'S BENCH DIVISION, ENGLAND

J. Bavins, Jun., and Sims v. London and Southwestern Bank*

An order to pay money in the form of an ordinary cheque. with a proviso that a receipt form attached should be filled up, *held* not to be a cheque within the Bills of Exchange Act, 1882.

This was an action brought to recover the sum of £69 7s. as damages for the conversion of a certain order in writing, the property of the plaintiffs, or in the alternative, for money had and received. The case involved an important question as to the liability of banks in respect of drafts in the form given below, which is said to be in common use. The facts were as follows;—On July 7, 1898, the Great Northern Railway Company gave to the plaintiffs, in payment of a tradesman's account, the following order in writing:—

"The Great Northern Railway Company, London, July 7, 1898. The Union Bank of London (Limited), No. 2, Princes-street, Mansion-house,

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E.C. Pay to J. Bavins, jun., and Sims the sum of £69 7s. Provided the receipt form at foot hereof is duly signed, stamped and dated. £69 7s. (Signature of secretary). (Signature of assistant secretary). Received from the Great Northern Railway Company the above-named sum as per particulars furnished. This receipt is not to be detached from the cheque. Signature.....Dated.....189.."

The order was crossed generally. In general appearance it resembled a cheque. It was stolen from the plaintiffs, and the receipt was not signed, nor was the document endorsed by them. The document was brought to the defendants by a man who was accompanied by the husband of one of the defendants' customers. At the request of the cashier the receipt form was then and there stamped, filled in, signed, and dated, and received by the defendants for collection. The signature was badly written, misspelt, but appeared to be meant to be the signature of the plaintiffs. The note was also endorsed with a similar signature. Neither signature was, in fact, the plaintiff's signature. On July 16th the defendants received in good faith from the Union Bank of London payment of the order, and credited their customer with the amount of the order, and dealt with her upon the footing that the said sum belonged to her before they had any notice that the signature and endorsement were forgeries. The defendants relied upon section 82 of the Bills of Exchange Act, 1882, which is in the following terms:—

"Where a banker in good faith and without negligence receives payment for a customer of a cheque crossed generally or specially to himself, and the customer has no title or a defective title thereto, the banker shall not incur any liability to the true owner of the cheque by reason only of having received such payment."

The plaintiffs denied that the document in question was a cheque within the meaning of that section, and contended that the bank was not entitled to the protection of that section, and further alleged that the defendants had been negligent in fact in not having seen that the signatures upon the order were forgeries.

Mr. Justice Kennedy, in giving judgment, after stating the facts, said that, although the receipt form had been filled up with a signature which was badly written and wrongly spelt, he did not think that that fact made against the good faith of the

defendants; the defendants' cashier saw that the receipt form was filled up, which was all that was required. The Union Bank also appeared to have paid upon the note without question, and he came to the conclusion that the defendants had not been guilty of negligence. The plaintiffs' case was that the defendants had got hold of a document which was the plaintiffs' property and had received money in exchange for it, and had converted the document and the money received for it to their own use, and were in consequence liable to hand over to the plaintiffs the money which they had so received. Two defences were raised to that case. In the first place the defendants said that they were protected by section 82 of the Bills of Exchange Act, 1882. It was essential, in order to bring themselves within that section, to show that the document was a cheque. A cheque was defined by section 73 as "a bill of exchange drawn on a banker payable on demand," and a bill of exchange was defined by section 3 as "an unconditional order in writing addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to, or to the order of, a specified person or to bearer." It was therefore necessary for the defendants to show that this note was an unconditional order for the payment of money within the meaning of the section. [The learned Judge read the note set out above]. In his opinion that document was not a cheque within the meaning of the Bills of Exchange Act. It was impossible, without subtlety, to say that it was an unconditional order in writing. It was an order to pay, with a proviso which could not be distinguished from a condition. Read in a business sense that document meant that the Union Bank were not to pay until they saw that the receipt was signed in the form upon the document—that is to say the plaintiffs were not entitled to payment unless the condition imposed was fulfilled. If the money had been paid upon that document without the receipt having been filled in, it would not have been a good payment as against the railway company. That defence therefore failed. Having regard to the fact that the cheque was brought to the defendants by a man accompanied by the husband of a respectable customer and the receipt filled up in his presence, he did not think there was any negligence on the part of the defendants. The second defence raised was that, if the document was not a cheque and there had been a conversion of the document, the plaintiffs were entitled to recover no damages or only nominal damages. That was put on two grounds. In the first place, it was said that this cheque could not be treated as a negotiable instrument or as a document which the plaintiffs could sue upon, that it was no more than an intimation of a

wish by the railway company that the Union Bank should pay a certain sum of money, and that it was therefore a document of no commercial value, and that the only damages recoverable would be the expense of getting another piece of paper like it, or of taking proceedings against the railway company to recover the sum of £69 7s. Secondly, it was said that the plaintiffs could not recover against the defendants because the bank had, before action brought, paid the money over to their customer. In the opinion of the learned Judge both these contentions failed. In fact, the defendants got the money from the Union Bank upon the document, and the Union Bank were warranted in paying the money upon it. Moneys so obtained were the proceeds of the document within the rule of law, which entitled those who found that any property of theirs had been taken and had produced money to say to the wrongdoer, "You had no right to receive that money and no right when you had received it to hand it over to anyone else." That principle was clearly stated by Lord Justice Fry in the case of *The Fine Art Society v. The Union Bank of London*. With regard to the point that the money had been paid over to the defendants' customer there was no injury to the defendants and no estoppel. There must be judgment for the plaintiffs for the amount claimed.

COURT OF APPEAL, ONTARIO

Rielle v. Reid*

When a limited liability company has been regularly formed in accordance with the Ontario Companies Act, for the purpose of taking over and carrying on the business of a trader who is insolvent, the conveyance of the assets of the latter to the company, though it may be open to attack on the ground that it is fraudulent and void as against creditors under the Statute of Elizabeth or the Assignments and Preferences Act, cannot be set aside at the instance of his creditors on the principle of the company being merely his *alias* or agent.

Salomon v. Salomon applied.

A creditor cannot take the benefit of the consideration for a conveyance and at the same time attack the conveyance as fraudulent, and therefore where creditors seized shares in a company allotted to their debtor in consideration of the conveyance by him of his assets to the company; it was held that they could not attack the conveyance.

This was an appeal by the liquidator of the defendant company, and by the defendant Minnie Reid, from the judgment of Falconbridge, J. (reported at page 370, vol. v. of the JOURNAL), and was argued before Osler, Maclennan, and Lister, JJ.A., on the 17th, 18th and 21st of November, 1898. The facts are stated in the judgment in this Court.

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January 24th, 1899. The judgment of the court was delivered by

OSLER, J. A.: This was an action brought by the plaintiffs as creditors of the defendant J. B. Reid, against that defendant, his wife, Minnie Reid, and the Reid Company (Limited). The statement of claim in substance sets forth that in the summer of the year 1894, the defendant Reid being then indebted to the plaintiffs as executors of one T. M. Thomson deceased, upon the covenants contained in two freehold mortgages, in a very large sum for which the mortgaged property was an insufficient security, and with intent to hinder and delay or defeat the plaintiffs in the recovery of their debt, conceived the idea of converting the business which he was then carrying on into a limited company, under the provisions of the Ontario Joint Stock Companies' Letters Patent Act; that letters patent creating the defendant company were issued on the 4th of August, 1894, the applicants therefor being the defendant, his wife, R. M. Cherry, the foreman of his lumber yard, J. A. Lougheed, his bookkeeper, and E. Coatsworth, his solicitor, who were by the letters patent declared to be the first directors of the company, the capital of which was $50,000, divided into 500 shares of $100 each, allotted by the charter thus: Reid, 247; his wife, 250, and the others one share each; that on the 1st of September, 1894, Reid assigned and conveyed to the company all the assets and property of his business, and the premises in which it was carried on, and was appointed manager of the company for a term of five years at a salary of $3,000 per annum; that the company transferred to Reid 70 paid-up shares in part payment of the price of the property conveyed to them, and also other shares partly paid-up; that the 70 paid-up shares were transferred by Reid to his wife, without consideration, and that the balance of his holding was pledged to the company as security for the faithful performance of his duty as manager; that Reid and his wife had thus become the holders, the one of 427 and the other of 70 shares in the capital stock of the company. Then it is charged that the conveyance of the 1st of September and the subsequent transfer of the stock were part of a fraudulent scheme or device to hinder and defeat or delay the plaintiffs in the recovery of their debt, and to prevent the stock from being seized and taken in execution; that Minnie Reid and the other directors and shareholders were mere nominees of and trustees for the debtor; that the company was and had always been, his mere agent or *alias*, and should be so declared, and that it was formed in order to carry out the fraudulent purpose charged.

The relief claimed is: (1) That the company be declared to be merely an *alias* or trustee of Reid, and that all its assets be declared liable for payment of his debts; (2) that all transfers or

conveyances or declarations of trust made to or in favour of the company be set aside and declared fraudulent and void as against his creditors; (3) that in the event of the creditors' claims not being paid the company may be wound up by the Court under the provisions of the Winding-up Act; (4) that a receiver may be appointed of the estates both of Reid and the company; and (5) that the defendant Minnie Reid be declared a trustee of the defendant J. B. Reid, of all such shares or interest as she holds in the company by virtue of the shares now standing in her name.

The statement of defence enters very fully into the details of the mortgage transactions between the testator and the plaintiffs and the defendant Reid and his former partner; denies all charges of fraud and fraudulent intent; insists upon the *bona fides* of the constitution of the company and of its objects; pleads that the conveyances of the 1st of September were made for valuable consideration and in good faith, and that the paid-up stock of the defendant J. B. Reid was fully paid up as part of the price of the property transferred to the company. The defendant company denied that they were the *alias* of or trustees for Reid; alleged that they had been in active operation as a going concern for nearly two years; that the old liabilities of Reid & Company had been paid off and new ones incurred, and that the creditors of the company who were not represented had an interest in the relief sought.

The case was tried before Falconbridge, J., on the 26th, 30th and 31st of October, 1896, and the 1st, 2nd and 3rd of March, 1897. Evidence was given at great length as to Reid's financial condition at the dates of the mortgages and of the formation of the defendant company, and as to the value of the mortgaged securities, which the defendants contended was ample enough to deprive the plaintiffs of their status as creditors within the Statute of Elizabeth. It was also urged that as the result of certain dealings between the parties the judgment which the plaintiffs had recovered upon the covenant in the earliest of the two mortgages had been discharged.

It was found that the defendant company had been regularly formed under the provisions of the Joint Stock Companies' Letters Patent Act, with a capital of $50,000, divided into 500 shares of $100 each, and that the first stockholders and directors were the defendants Reid and his wife, and the other three persons already mentioned; that within a few weeks after its formation an arrangement was entered into between the company and Reid, by which the latter transferred to them at a valuation the whole of his business, assets and premises. The company assumed the debts and liabilities of the business, and Reid acquired 497 shares of the stock, of which 70 were issued

to him as paid-up shares on account of the purchase money, and the residue were taken in the same way as partly paid up. Not long afterwards the 70 shares were transferred by Reid to his wife in consideration of an advance of $2,000 procured from the company upon certain policies of insurance which Reid had declared in her favour.

It was also proved that the company had carried on the business thus acquired from Reid; that it had discharged the then outstanding liabilities of the Reid business, and had incurred new ones to creditors of its own; that the property and assets assigned to them by Reid had all, with a very trifling exception, been sold and disposed of or destroyed in a fire which had occurred on the premises, and that new stock had been brought in. Lastly it was proved that after the plaintiffs had become aware of the formation of the company and of the extent and character of Reid's holding of shares therein, they had directed the sheriff to levy upon his interest in the shares under the execution then in his hands. That this had accordingly been done, and that the sale had been duly advertised and adjourned from time to time for want of buyers, and that they were still under seizure at the time of the trial, the sale having been indefinitely postponed.

By the judgment of the learned trial Judge, which was pronounced on the 6th of May, though the details were not finally settled until the 8th of June, 1897, when it was actually signed, it was declared: (1) That the defendant company were, and had been since their incorporation, the agents of the defendant J. B. Reid; (2) That all the conveyances and transfers made by defendant Reid to the company or to a trustee therefor of all the property real and personal in the pleadings mentioned were and are fraudulent and void as against the plaintiffs and the other creditors of the said J. B. Reid, and that all of the assets of the company are part of the assets of J. B. Reid, and liable for the satisfaction of the claims of the plaintiffs and others, his creditors, subject to the claims of *bonâ fide* creditors (if any) of the company incurred since its incorporation; (3) A receiver was appointed to get in the outstanding debts of the business carried on by the Reid Company, and to receive all the stock-in-trade and assets; and (4) After certain details not necessary to be mentioned it is directed that in default of payment of creditors' claims, the property is to be sold and the proceeds applied (1) To paying the plaintiffs' costs as between party and party or so much thereof as may not be personally paid by Reid and the Reid Company; (2) In payment of what shall be found due to the plaintiffs and other encumbrances and creditors. The plaintiffs' costs as between solicitor and client are directed to be taxed and paid out of the shares of the plaintiffs and the other

encumbrances and creditors in proportion to the amount of such shares as realized for them under the judgment. The defendants, except Minnie Reid, are ordered to pay the costs of the action, and as between her and the plaintiffs no costs are awarded.

In the interval between the delivery and signing of the judgment the defendant company was placed in liquidation. The receiver in the action was appointed liquidator, and leave was afterwards given to him to bring this appeal.

It appears to me that in launching this action the plaintiffs had no very clear idea of what relief they were entitled to, as they claim not only the property which is said to have been transferred in fraud of creditors, but also the consideration which the fraudulent debtor received from the grantee therefor. These are inconsistent positions. If they claim the shares they must allow that the property for which they were given is not liable to satisfy their judgment. Nevertheless the judgment in the present action appears to give the plaintiffs the relief they ask in both respects. As regards the defendant company the pleader seems not to have been quite certain whether it should be treated as an entity—a real company—or as a mere name for J. B. Reid, and it is evident that the action was brought in reliance upon the then recent decision of the Court of Appeal in the case of *Broderip v. Salomon*. The judgment of the House of Lords reversing that decision was known at the trial, but the learned Judge endeavoured to distinguish it on the ground that the company there in question, although, like the present, what has been described as a one man company, was promoted by a solvent trader, whereas in this instance its promoter, Reid, was in financial difficulties, though not expressly found to have been insolvent. We must also assume that the learned Judge has found that one object of Reid in procuring it to be incorporated was to delay and hinder his creditors, by the transfer thereto, after its formation, of the property of its founder. The case of *In re Carey*, a decision by the same learned Judge who decided *Broderip v. Salomon* in the first instance, was relied upon, but the principle of both decisions was clearly rejected by the House of Lords when reversing the judgment of the Court of Appeal in the second case. The company was regularly formed, all the requirements of the Act were complied with necessary to bring it into existence, and it then became a distinct legal entity, a validly constituted corporation, the rights and liabilities of which were not capable, as the judgment of the House of Lords shows, of being dealt with on the principle that it was an agent or *alias* of J. B. Reid. A passage in the judgment of the Chancellor places this in a very clear light. He says (*Salomon v. Salomon & Co.*): "It seems to me to be essential to the artificial creation that the law should recognize only that artificial existence—quite

apart from the motives or conduct of individual corporators." Then after pointing out that if a fraud had been committed upon the officer entrusted with the duty of giving the certificate of incorporation it might perhaps be shown by some proceeding in the nature of *scire facias* that the company had no real legal existence, he adds: "But short of such proof it seems to me impossible to dispute that once the company is legally incorporated it must be treated like any other independent person with its rights and liabilities appropriate to itself, and that the motives of those who took part in the promotion of the company are absolutely irrelevant in discussing what those rights and liabilities are."

In the face of this decision and of the fact that the company had for nearly two years after its incorporation been carrying on business, incurring debts and liabilities, and acquiring assets of its own, it became impossible to support a judgment which declares that it is merely the agent of J. B. Reid, and that all its assets are part of his assets and liable for the satisfaction of the claims of the plaintiffs and his other creditors. The plaintiffs were accordingly obliged to concede, on the argument of this appeal, that the company was a real one, and to shape their case accordingly.

Taking the fact to be as the learned Judge has found, principally, I think, on the evidence of Mr. Strathy as to Reid's admission that the company was formed or intended to be formed in order to prevent his mortgagees from pressing him, it is manifest that the highest ground on which the plaintiffs' case can be placed is that the conveyances impeached are fraudulent as against creditors under the Statute of Elizabeth. It was not suggested that they fell within the Assignments and Preferences Act, R.S.O. ch. 147. The case of *Re Hirth* turns upon the provisions of the Bankruptcy Act, 1883.

In the view I take of the case, I do not think it necessary to decide whether the learned Judge's finding of fact can be supported. We had the advantage of a very full discussion of the evidence, and apart from Mr. Strathy's recollection of a conversation between himself and J. B. Reid on the subject of the formation of the company, which the learned Judge seems to have accepted, the impression I have derived from the argument and a subsequent perusal of the evidence, is that the company was promoted for legitimate business reasons.

There may be a difficulty in a case like this in proving that the company had notice of the fraud, but it is unnecessary to consider this point, because in my opinion it is not open to the plaintiffs to attack the conveyances of the 1st of September after having levied their execution upon the shares which Reid received as part of the consideration. These, as I have already

said, were seized under their *fi. fa.* and offered for sale, and though not sold for want of buyers they remain under seizure, the sale having been indefinitely postponed. This course was deliberately taken before the action was brought and after the plaintiffs had, by the examination of Reid, ascertained the circumstances under which the company was formed and Reid's interest therein acquired. On the principle discussed and illustrated in such cases as *Miller v. Hamlin; Beemer v. Oliver*, and *Wood v. Reesor*, the plaintiffs having elected to follow the consideration for the property conveyed to the company, cannot assert a claim to the property as well by alleging that the conveyance is fraudulent as against themselves and other creditors.

Upon another ground also the action should have been dismissed. After the conveyances to the company they carried on their business in the usual way, and the stock they acquired from Reid was sold in the ordinary course and new stock acquired, and what was not sold was destroyed in a fire which occurred on their premises. Therefore, even were these conveyances declared to be void the plaintiffs would derive no benefit from such a judgment, as the property received from the execution debtor is no longer distinguishable, nor were the proceeds received in such a way as to be earmarked or identified as derived from such property. In other words, even were the conveyances out of the way the property mentioned therein is no longer in a condition to be followed up by seizure or sale under execution: *Davis v. Wickson.* There is a trifling exception of a small portion of the property which came into the hands of the liquidator, the appellant, as to which, had the action otherwise been maintainable, the plaintiffs might have had some relief.

As the case stands I think the proper order to be made is to allow the appeal and dismiss the action as to all the defendants with costs. It is perhaps right to add that under no circumstances could the judgment have been supported as it is at present drawn up, making the company's assets liable to the payment of the plaintiffs and Reid's other private creditors, and giving them a first charge on such assets in respect of their costs. Appeal allowed.

COURT OF APPEAL, ONTARIO

Gordon, Mackay & Company v. The Union Bank of Canada*

A trader in insolvent circumstances sold his stock-in-trade in good faith and directed the purchaser to pay as part of the purchase money a debt due by the trader to his bankers, who held, as collateral security, a chattel mortgage on the stock-in-trade. The purchaser had an account with the same bankers, and gave to them a cheque on this account for the amount of their claim, there being funds at his credit to meet the cheque :—

Held, that this was a payment of money to a creditor and not a realization of a security, and that the bankers were not liable, in a creditor's action, to account for the amount received.

Davidson v. Fraser (JOURNAL, Vol. IV, p. 114), distinguished on the ground that the cheque never was the property of, or under the control of the insolvent.

This was an appeal by the plaintiffs from the judgment of Armour, C.J.

The action was brought on the 1st of September, 1896, by the plaintiffs on behalf of themselves and all other creditors of one Joseph Robinson, a shopkeeper at Wiarton, for a declaration that a chattel mortgage made by him on his stock-in-trade in favour of the defendants on the 12th of November, 1895, was invalid under the Bills of Sale Act, and also as a fraudulent preference, and to compel the defendants to account for the sum of $2,100, received by them on the 28th November, 1895, in realization, as the plaintiffs alleged, of this mortgage.

The action was tried at Toronto on the 10th of September, 1897. It was proved that Robinson's stock-in-trade had been sold on the 28th of November, 1895, to a firm of Symon & Son, and that Symon & Son, who had an account at the Wiarton branch of the defendant bank, gave to the bank agent there, pursuant to instructions from Robinson, a cheque on the bank, in favour of the bank, for $2,100, and then received from the agent a discharge of the chattel mortgage. The legal effect of this transaction was the only question of general interest in the case.

At the close of the case judgment was delivered as follows :—

ARMOUR, C.J.: I find that Robinson at the time of the giving by him of the chattel mortgage of November 12th, 1895, to the defendants, was in insolvent circumstances and unable to pay his debts in full, and I find that his circumstances were

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*Ontario Appeal Reports.

known to the defendants by reason of the knowledge thereof of the defendants' manager at Wiarton, where Robinson carried on his business. I find that the chattel mortgage was invalid by reason of noncompliance with the provisions of the Bills of Sale and Chattel Mortgage Act. I find that the sale of the mortgaged goods made on the 28th of November, 1895, to Symon & Son, was a *bonâ fide* sale, and that the sale was not made by the defendants under the chattel mortgage, but was made by Robinson himself. I find that at the time of such sale the defendants were creditors of Robinson in respect of a promissory note for $1,700, as collateral security for which the chattel mortgage was made, and in respect of a further promissory note for $400.

I find that in part payment of the purchase money of the mortgaged goods Symon & Son, with the privity and consent of Robinson, and on his behalf, gave their cheque on the defendant bank to the defendants on the day of the sale for the sum of $2,100, and received from the defendants a discharge of the chattel mortgage, and I find that this constituted a payment of money by Robinson to the defendants, his creditors, and they are protected by the provisions of R.S.O. (1887), ch. 124, sec. 3.

I do not think that this case is governed by *Davidson v. Fraser*. If I thought so I should follow it, with, however, a wry judicial face.

The logical result of that case is, that if Symon & Son had paid to the defendants the $2,100 in notes of any other chartered bank, or even their own notes payable elsewhere than at Wiarton, this would not have been a payment of money.

It may be that an appellate tribunal will hold that the payment in this case was not a payment of money, but at present I cannot.

I do not think that the taking by the defendants, as security collateral to their debt, of the chattel mortgage, which I find to have been invalid, prevented them from being creditors so as to take the benefit of the payment of the $2,100, and I do not think that any pressure the defendants exercised upon Robinson to get him to make the sale of the mortgaged goods had the effect of making the sale theirs and not his.

I therefore dismiss the action with costs.

The appeal was argued before Burton, C.J.O., Osler, Maclennan, and Moss, JJ.A., on the 15th and 16th of March, 1899.

Judgment was given at the conclusion of the argument.

BURTON, C.J.O.: I do not think that we need reserve judgment in this case. Mr. Watson's elaborate argument has failed to convince me that the judgment is not correct. I had some

doubt whether the finding of the Chief Justice that the debtor was insolvent at the time he gave the mortgage to the bank was supported by the evidence, but considering the evidence that Mr. Watson has referred to in his reply, I think that finding cannot be controverted; and as I agree with the finding of fact as to the insolvency of the debtor, so I agree with the findings (1) that the sale of goods in question was made not by the bank but by Robinson, the debtor himself, and (2) that there was at the time of the sale of the goods a *bonâ fide* debt by Robinson to the bank of $2,100.

These being the facts, I think the only question that it is necessary for us to consider in order to dispose of the case, is the question whether the handing by Symon & Son, the purchasers of the goods, to the bank of their own cheque in favour of the bank, and drawn upon the purchasers' funds in the hands of the bank, was a "payment of money to a creditor," within section 3 of the Assignments and Preferences Act, R.S.O. (1887) ch. 124.

The facts distinguish this case from *Davidson v. Fraser.*

There the transaction was the transfer by the debtor of a cheque of a third person, which had come into the debtor's custody and control, and that transfer we held not to be a payment of money within the Act. Here the cheque of Symon & Son, the purchasers of the goods, was handed directly to the bank in payment of its claim. It was certainly never intended that the decision in *Davidson v. Fraser* should be considered to mean that what took place in this case was not a "payment of money" within the statute.

Coming to the conclusion, therefore, that what we have here is a "payment of money," it is protected by the Act, and the appeal must be dismissed.

MACLENNAN, J.A.: I agree. This case is not unlike *Gibbons v. Wilson.* I said there: "The statute expressly exempts from illegality, as acts of unlawful preference, payments in money made to a creditor, and the borrower in the present case might have received the money from the lender, and might at once have paid it to Stuart & Co., in satisfaction of their debt. . . . I think it would be legislation, and not construction, to hold that the statute has forbidden a debtor to employ an agent to do for him what he may lawfully do himself."

I adhere to the opinion I expressed in that case. There is no question that there was here a *bonâ fide* debt due to the bank, and the sole question is whether the bank has been paid in a way forbidden by the statute. It makes no difference whether it was the debtor's money or the purchasers' money which the bank received in discharge of their claim. The

handing over by Symon & Son of their cheque to the bank was a "payment of money" within the meaning of the statute, and is therefore protected.

Davidson v. Fraser was a very different case. I said in that case that a payment by the debtor's own cheque would be a good payment of money, and it cannot be that the payment to the creditor by a third person handing the creditor his own cheque is any the less a "payment of money." In *Davidson v. Fraser* the debtor transferred the cheque of a third person, which in his hands was only a security for money, and the handing of which by him to his creditor was not a "payment of money" within the Act.

Then, the money cannot be followed in the bank's hands. The facts take the case out of section 3 of the Assignments Act, as it was at the time of the transaction, and apart from that section there would be no right to follow the money. This has been decided over and over again under the statute of Elizabeth. The Court simply removed the fraudulent conveyance out of the creditor's way, leaving him to recover upon his execution in any way open to him; but the law did not make the grantee, before his security was attacked, a trustee, and accountable to the attacking creditor.

On both these grounds I think the appeal must be dismissed.

Osler and Moss, JJ.A., concurred.

Supreme Court of New York*

Elder v. The Franklin National Bank of the City of New York

The pass book of a customer of a bank contained a printed statement that it was agreed "that the bank shall not be responsible for the execution of an order to stop payment of a cheque previously drawn; that the bank will endeavor to execute such orders, but that no liability shall be created by a failure so to do, and that no rule, usage or custom shall be construed to create such liability."

It seems that this clause did not absolve the bank from the duty of exercising ordinary care, and that it was liable to a customer who had sent it a stop-payment order as to a cheque, which had been entered in the books of the bank, for paying the cheque, through an oversight, when it came in through the clearing-house.

The facts in this case are stated in the judgment of the Court, which was delivered by

Beekman, P. J.: The plaintiff had an account with the defendant. On March 3, 1898, he drew against the account a

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*From the *Bankers' Magazine*

cheque dated March 8, 1898, for the sum of $40, to the order of the Adek Manufacturing Company. On March 5 he sent a notice in writing to the defendant not to pay it. This notice was duly received, and in accordance therewith and pursuant to the practice of the defendant in such cases, an entry of the receipt of such notice was made by the paying teller of the bank in a book which was kept for the purpose, and a similar entry was also made by the bookkeeper in his ledger against Elder's account. Notwithstanding this, when the cheque in question came in through the clearing-house, it was paid, through an oversight, as the bank officials testify, and this action was brought for the purpose of recovering the amount.

The only defence interposed by the defendant bank which calls for consideration on our part is that by express agreement with the plaintiff, made before the cheque in question was drawn, it was exempted from any liability whatsoever in such a case. The agreement thus set forth, with other matters not material to the question here presented, was printed upon the inside of the cover of plaintiff's pass book, and reads as follows: "It is further agreed that the bank shall not be responsible for the execution of an order to stop payment of a cheque previously drawn; that the bank will endeavour to execute such orders, but that no liability shall be created by failure so to do, and that no rule, usage or custom shall be construed to create such liability."

It appears that the pass book in question was substituted for a previous one which the plaintiff had received when he originally became a depositor in the bank, and which did not contain any such stipulation. The plaintiff testifies that he did not read the alleged agreement, and was not aware of what it contained at the time the cheque in question was drawn. The counsel for the defendant claims that there is evidence in the case tending to show the contrary, but it is unnecessary for us to pass upon this question, which is one of fact and which it must be assumed the trial justice determined in favour of the plaintiff. But even assuming that the fact had been otherwise found, we are still of the opinion that under the circumstances the defendant was not relieved by the agreement from the consequences of its negligent act.

Undoubtedly in the absence of any agreement, the bank was bound to respect the notice which it had received, and for a failure to observe the directions of its depositor in that regard it would have been clearly liable. The cheque was a mere order upon the bank to pay from the depositor's account according to the instructions in that respect contained therein, and was subject to revocation by the drawer at any time before it was paid; and if the bank should pay after notice of such revocation, it would be held to have paid out its own funds, and could not, therefore,

charge its depositor with the amount, but must bear the loss itself. The agreement in question is, therefore, one which is in derogation of the common law in such cases. and being framed by the defendant itself for its own benefit, must be strictly construed.

It will be observed that such agreement does not declare unconditionally that for the failure to observe a stop order the bank shall not be liable, but it invites the assent of its depositors to the engagement by agreeing that it will endeavour to execute such orders. This is a most important qualification, and was doubtless inserted as an assurance to them that the bank would still exercise some care in the matter. Indeed, it can scarcely be credited that any bank could obtain depositors of any account under an agreement that under no circumstances should it be responsible for a failure to observe their directions with respect to the stoppage of cheques. The defendant, it will be observed, did not refuse to receive any such notices; indeed, the evidence in the case shows that it not only recognized the right of its depositors in that regard, but also provided a method of registering such notices or orders, so as to assure the proper observance of them by its clerks, thus acknowledging the obligation which it had assumed to "endeavour to execute such orders." Upon a proper construction of the language used in the agreement, we are of the opinion that its fair import was that the defendant should not be liable if in good faith it paid the cheque that had been stopped, unless it failed properly to fulfil its agreement to endeavour to comply with the depositor's direction. In other words, the promise to make such endeavour necessarily imported the exercise by the bank of at least ordinary care in so doing. Any other construction than this would not only render the engagement meaningless, but also most injuriously misleading to depositors.

The agreement, then, is to be construed as if it read as follows (the words inserted by us being italicized): "It is further agreed that the bank shall not be responsible for the execution of an order to stop payment of a cheque previously drawn; that the bank will endeavor to execute such orders, but that no liability shall be created by failure so to do, *where the bank has exercised ordinary care in that regard*, and that no rule, usage or custom shall be construed to create such liability."

. . . We are clearly of the opinion that the construction which we have given to the agreement in question is sustained by both reason and authority, and as the record discloses evidence enough to support the finding of the trial justice that the defendant had been negligent, it follows that the judgment must be affirmed.

Gildersleeve and Giegerich, JJ., concurred.

UNREVISED TRADE RETURNS, CANADA

(000 omitted)

IMPORTS

Nine months ending March—	1897-8		1898-9	
Free	$36,254		$43,940	
Dutiable	55,686		64,772	
	$91,940		$108,712	
Bullion and Coin	3,116	$95,056	4,078	$112,790
Month of April—				
Free	$ 3,550		$ 4,381	
Dutiable	6,082		8,033	
	$9,632		$12,414	
Bullion and Coin	495	$10,127	38	$12,452
Month of May—				
Free	$ 5,448		$ 5,280	
Dutiable	6,428		7,379	
	$11,876		$12,639	
Bullion and Coin	745	$12,621	387	$13,026
Total for eleven months		$117,804		$138,268

EXPORTS

Nine months ending March—				
Products of the mine	$11,575		$10,073	
" Fisheries	8,464		7,528	
" Forest	20,793		20,908	
Animals and their produce	36,908		38,926	
Agricultural produce	27,010		18,783	
Manufactures	7,721		8,173	
Miscellaneous	103		153	
	$112,575		$104,544	
Bullion and Coin	4,245	$116,820	3,519	$108,063
Month of April—				
Products of the mine	$ 785		$ 700	
" Fisheries	304		355	
" Forest	916		1,093	
Animals and their produce	2,003		2,092	
Agricultural produce	1,764		1,202	
Manufactures	975		1,063	
Miscellaneous	9		11	
	$ 6,757		$ 6,517	
Bullion and Coin	218	$ 6,975	226	$ 6,743

Month of May—				
Products of the mine	$ 892		$ 1,425	
" Fisheries	648		739	
" Forest	1,293		1,732	
Animals and their produce	2,058		2,078	
Agricultural produce	1,704		1,437	
Manufactures	949		1,146	
Miscellaneous	21		11	
	$ 7,566		$ 8,568	
Bullion and Coin	91	$ 7,657	127	$8,695
Total		$131,452		$123,501

SUMMARY (in dollars)

For eleven months—				
Total imports other than bullion and coin		$113,358,000		$133,765,000
Total exports other than bullion and coin		126,898,000		119,629,000
Excess	(*Exp.*)	$13,540,000	(*Imp.*)	$14,136,000
Bullion and coin, net	(*Exp.*)	198,000	(*Imp.*)	631,000

STATEMENT OF BANKS acting under Dominion Government charter for the months of March, April and May, 1899, and comparison with May, 1898:

LIABILITIES

	31st March, 1899	30th April, 1899	31st May, 1899	31st May, 1898
Capital authorized	$76,808,664	$ 76,808,664	$ 76,808,664	$ 74,758,684
Capital paid up	63,352,312	63,426,015	63,617,335	62,302,282
Reserve Fund	28,147,797	28,249,103	28,907,231	27,555,666
Notes in circulation	$ 38,409,227	$ 37,369,887	37,012,914	$ 36,261,760
Dominion and Provincial Government deposits	5,472,443	5,256,897	6,118,160	6,879,689
Public deposits on demand	86,915,386	88,537,362	92,200,417	80,202,015
Public deposits after notice	161,382,629	163,093,210	164,117,087	143,200,518
Bank loans or deposits from other banks secured	.....	42,000	42,000	.....
Bank loans or deposits from other banks unsecured	3,354,354	3,004,729	3,157,160	2,721,408
Due other banks in Canada in daily exchanges	101,222	76,914	99,708	111,534
Due other banks in foreign countries	688,523	678,797	542,557	436,028
Due other banks in Great Britain	5,169,337	6,320,454	6,896,443	3,781,065
Other liabilities	570,660	550,776	966,061	1,034,571
Total liabilities	302,063,861	304,931,109	311,052,591	$274,628,668

ASSETS

Specie	$9,246,394	$ 9,165,535	$ 9,312,898	$ 9,115,147
Dominion notes	15,983,380	16 008,827	16,335,293	15,675,799
Deposits to secure note circulation	1,995,523	1,995,523	1;998,001	1,885,403
Notes and cheques of other banks	8,920,496	8,231 246	10,545,635	9,609,218
Loans to other banks secured		42,000	42,645	
Deposits made with other banks	3,710,484	3,505,629	3,031,359	3,383,442
Due from other banks in Canada in daily exchanges	173,422	196,138	205,821	206,555
Due from other banks in foreign countries	21,383,335	22,560,792	22,055,017	20,504,144
Due from other banks in Great Britain	11,607,741	9,398,598	10,030,419	8,050,727
Dominion Government debentures or stock	5,049,617	5,059,878	5,074,746	4,906,569
Public municipal and railway securities	32,032,128	31,481,750	30,980,200	33,336,581
Call loans on bonds and stocks	28,156,434	28,641,774	29,154,398	18,859,581
Current loans and discounts	240,568,615	245,498,939	249,159,171	223,679,314
Loans to Dominion and Provincial Governments	2,772,065	3,194,891	3,137,142	1,613,858
Overdue debts	2,463,546	2,546,512	1,942,071	2,740,951
Real estate	1,899,603	1,842,823	1,815,325	2,133,901
Mortgages on real estate sold	567,137	607,437	612,349	576,276
Bank premises	6,031,521	6,083,049	5,995,027	5,731,376
Other assets	2,148,505	2,378,682	2,250,356	1,573,783
Total assets	394,710,144	398,440,210	403,678,070	$363,582,783
Loans to directors or their firms	7,190,627	7,111,644	7,072,041	$7,727,039
Average amount of specie held during the month	9,289,839	9,316,649	9,305,520	9,345,565
Average Dominion notes held during the month	16,104,941	15,723,239	15,561,159	15,294,393
Greatest amount of notes in circulation during month	38,911,600	39,442,891	38,412,933	37,833,880

MONTHLY TOTALS OF BANK CLEARINGS at the cities of Montreal, Toronto, Halifax, Hamilton, Winnipeg, St. John, Vancouver and Victoria.

(000 omitted)

	MONTREAL		TORONTO		HALIFAX		HAMILTON	
	1897-8	1898-9	1897-8	1898-9	1897-8	1898-9	1897-8	1898-9
	$	$	$	$	$	$	$	$
June	54,616	59,471	29,842	36,960	4,792	4,997	2,544	3,001
July.....	52,831	60,423	33,892	35,727	6,308	5,851	2,638	3,117
August ..	49,240	55,578	29,640	32,390	5,554	5,551	2,442	2,655
September	55,080	61,856	32,466	33,932	5,164	4,919	2,971	2,773
October ..	59,340	66,354	35,736	38,349	5,817	5,408	2,970	3,103
November	59,166	67,246	34,211	39,125	5,580	5,154	2,878	3,147
December	56,509	69,143	35,986	43,508	5,386	5,838	3,094	3,334
January ..	60,334	64,850	37,836	42,388	5,009	5,913	3,028	3,274
February .	62,332	62,432	33,414	40,818	4,446	4,583	2,663	2,807
March ...	62,043	69,610	39,012	40,646	5,285	4,838	3,021	3,122
April	50,003	61,249	33,035	39,182	4,472	5,209	2,858	3,304
May	56,475	71,777	34,374	44,349	4,798	5,602	2,932	3,513
	677,969	769,989	409,444	467,374	62,611	63,863	34,039	37,150

	WINNIPEG		ST. JOHN		VANCOUVER	VICTORIA
	1897-8	1898-9	1897-8	1898-9	1898-9	1898-9
	$	$	$	$	$	$
June	5,531	7,397	2,566	2,592		
July.....	5,616	6,316	3,116	2,927		
August ..	6,298	6,180	2,874	2,059		
September	8,035	6,414	2,620	2,508		
October ..	13,291	9,347	2,498	2,498	2,518	*
November	13,550	11,553	2,660	2,660	2,838	2,689
December	9,784	10,708	2,738	2,746	3,058	2,848
January ..	6,347	7,683	2,417	2,470	2,441	2,700
February .	5,517	6,209	2,022	2,212	2,099	2,663
March ...	5,968	6,756	2,148	2,391	2,818	2,433
April	6,240	6,916	2,254	2,494	3,024	2,544
May	8,683	7,472	2,513	2,910	2,784	2,849
	94,860	92,951	30,426	30,467	21,580	18,726

*Figures for October not furnished.

CONSTITUTION OF THE CANADIAN BANKERS' ASSOCIATION

ADOPTED 17TH DECEMBER, 1891, AND AMENDED FROM TIME TO TIME

PREAMBLE

It being desirable that the chartered Banks of Canada, together with their officers, should be united for the purpose of mutual advantage, it was decided at a meeting held in Ottawa on February 12th, 1890, that an Association should be formed for the purpose.

ARTICLE I

This Association shall be called the Canadian Bankers' Association, and shall consist of Members and Associates.

ARTICLE II

The Members of this Association shall consist of the chartered Banks of Canada who have already expressed willingness to become members, and of such others as notify their desire to become members. Such Banks shall act in all matters relating to this Association by their chief executive officers.

For the purposes of this Association the chief executive officer of the Bank shall be the General Manager or Cashier, or, in their absence, the officer next in authority. Where the President or Vice-President of a Bank performs the duties of a General Manager or Cashier, he shall be deemed chief executive officer, and in his absence the officer next in authority shall vote.

Such officers shall be Associates, *ex-officio*.

The Associates of this Association shall consist of such Bank officers as have already expressed willingness to become Associates, and of such other Bank officers as shall be duly elected at a meeting of the Executive Council, or at an annual meeting.

ARTICLE III

as amended 26th October, 1898.

The Subscriptions for Members shall be as follows:

For Banks with a paid-up capital stock of under			$500,000,	$ 40
"	"	$ 500,000 and under	$1,000,000,	60
"	"	1,000,000 "	2,000,000,	120
"	"	2,000,000 "	3,000,000,	150
"	"	3,000,000 and over.....		250

The subscription for Associates shall be one dollar annually. Members' and Associates' subscriptions shall be payable on or before the 1st February and 1st July, respectively, in each year.

ARTICLE IV

The objects of the Association shall be to carefully watch proposed legislation and decisions of the Courts in matters relating to banking and to take action thereon; also to take such action as may be deemed advisable in protecting the interests of the Contributories to the Bank Circulation Redemption Fund, and all other matters affecting the interests of the chartered Banks.

It shall also be competent for the Association to promote the efficiency of Bank officers by arranging courses of lectures on commercial law and banking, by discussions on banking questions, by competitive papers and examinations. Prizes may be offered for proficiency, under the direction and control of the Executive Council.

ARTICLE V

The voting on all subjects shall be by Associates, except the following, on which Members only shall be permitted to vote:

1. Election of officers.
2. Action relating to proposed legislation.
3. Passing of By-laws.
4. Adding to or amending Constitution.
5. All other subjects on which general action by the Banks is contemplated.

Each member shall have one vote and the chairman a casting vote.

ARTICLE VI

as amended 7th October, 1897.

The officers of the Association shall be three Honorary Presidents, a President, and four Vice-Presidents. These shall be elected at the annual meeting. All elections shall be by ballot without nomination.

A Secretary-Treasurer, who shall be an officer or an ex-officer of a Bank, shall be appointed by the Executive Council, and remunerated in such manner as the said Council may determine; the terms of his engagement to be regulated by the Executive Council.

ARTICLE VII

as amended 7th October, 1897.

The Executive Council shall consist of the President and Vice-Presidents of the Association, and fourteen Associates to be qualified to act as chief executive officers of Banks—these Associates to be elected by the members at the annual election of officers. Five shall constitute a quorum.

The Honorary Presidents shall also have seats at the Council.

ARTICLE VIII

Any Member not represented at a meeting of the Association by one of the officers named in Article II, may vote by proxy, provided such proxy is held by a Member or by an Associate who is an assistant general manager or assistant cashier of a Bank, or branch manager of a city office. Should any of the persons constituting the Executive Council be unable to attend at a meeting called, he may be represented by proxy, provided such proxy is held by a Member or by an Associate, as before specified by this and the preceding article.

ARTICLE IX

The Association shall have power to appoint a Solicitor and to fix his remuneration, for either general or special services, and also to engage Counsel where such services may be needed.

ARTICLE X

Sub-sections of the Association may be constituted, and may frame by-laws for their guidance, subject to the provisions of the Constitution and By-laws of the Association.

The Bankers' Sections of the Boards of Trade in the City of Montreal and in the City of Toronto shall be empowered to represent the Association in all matters connected with legislation in the parliaments of the provinces of Quebec and Ontario, respectively,—it being understood that the respective Sections will, as fully as possible, keep the Executive of the Association advised on all points that may arise in connection with the matters referred to, and will not make representations in the name of the Association contrary to the views of the Executive after such views have been expressed.

ARTICLE XI

The first Annual Meeting of the Association shall be held at Montreal during the month of May next, the day to be fixed by the Executive Council. All subsequent annual or other meetings of the Association shall be called by the Executive Council, to be held at a time and place to be decided by that Council. A special meeting of the Association may be called at any time by the Executive Council, or shall be called by the President or Secretary-Treasurer on the requisition of at least ten members of the Association; thirty days notice to be given of the annual or any special meeting of the Association.

ARTICLE XII

By-laws may be framed not inconsistent with the provisions of this Constitution.

ARTICLE XIII

Additions and amendments may be made to this Constitution at any annual meeting by a vote of not less than two-thirds of those present and entitled to vote personally or by proxy, but one month's notice shall be given thereof, addressed to each member of the Executive Council.

ARTICLE XIV

No resolution passed by the Association or by the Executive Council shall be considered as compulsory, or as enforcing, necessarily, any action of any kind upon the Banks.

CANADIAN BANKERS' ASSOCIATION

LIST OF ASSOCIATES

Abbott, C. C.....Bank of Montreal
Abbott, J. H .....Merchants Bank of Halifax
Abernethy, A. C .....Bank of British North America
Acres, J. J .....Canadian Bank of Commerce
Adair, John .....Canadian Bank of Commerce
Adam, G. C .....Ontario Bank
Aird, Jas.....Bank of Montreal
Aird, John .....Canadian Bank of Commerce
Allan, Andrew .....Halifax Banking Company
Allan, J. E.....Union Bank of Halifax
Allan, W. A .....Merchants Bank of Canada
Alley, J. A. M .....Traders Bank of Canada
Allison, J. Kaye .....Bank of British North America
Ambridge, H. A .....Molsons Bank
Ambrose, H. S .....Bank of Montreal
Ambrose, J. R .....Bank of British North America
Anderson, D .....Union Bank of Canada
Anderson, E. H .....Imperial Bank of Canada
Anderson, F .....Merchants Bank of Halifax
Anderson, G. M .....Imperial Bank of Canada
Anderson, J .....Bank of British North America
Anderson, M. A .....Union Bank of Canada
Anderson, R. H .....Bank of Nova Scotia
Anderson, S. P.....Bank of Hamilton
Anderson, W. J.....Bank of Montreal
Andre, J.....Merchants Bank of Canada
Andrews, Ernest .....Canadian Bank of Commerce
Andros, E. B .....Bank of Toronto
Angus, A. F .....Bank of Montreal
Angus, Jas. A .....Bank of Montreal
Anglin, T W.....Canadian Bank of Commerce
Appleton, L. E .....Molsons Bank
Archibald, H. H .....Halifax Banking Company
Arkell, R .....Imperial Bank of Canada
Armstrong, C. A .....Commercial Bank of Windsor
Armstrong, C. R .....Canadian Bank of Commerce
Arnaud, E. D.....Union Bank of Halifax
Arnaud, F .....Merchants Bank of Halifax
Arnold, C. M.....Imperial Bank of Canada
Ashe, F. W .....Union Bank of Canada
Atkinson, M .....Bank of Toronto

Aubert, J. A .....Banque Jacques Cartier
Austin, Benj.....Eastern Townships Bank
Austin, H. L. G.....Bank of British North America

Babbitt, D. Lee.....People's Bank of New Brunswick
Babbitt, G. W .. ..Bank of Nova Scotia
Bailey, A. W .....Union Bank of Canada
Bain, L. R.....Imperial Bank of Canada
Balcer, Leon G.....Quebec Bank
Balfour, G. H .....Union Bank of Canada
Ball, Wm. Lee .....Eastern Townships Bank
Banfield, J. W .....Merchants Bank of Halifax
Bangs, John A .....Bank of Ottawa
Banks, D. W .....Union Bank of Canada
Barker, D. J .....Bank of Montreal
Barnhardt, R.....Molsons Bank
Barnum, J. L.....Canadian Bank of Commerce
Barrow, R. S.....Union Bank of Canada
Barry, J. F.....Merchants Bank of Halifax
Bartlett, C .....Bank of Hamilton
Bate, C. F .....Merchants Bank of Canada
Bate, E. N.....Imperial Bank of Canada
Baxter, W. C.....Merchants Bank of Canada
Bayly, N.....Bank of British North America
Beauchesne, E .....Banque Jacques Cartier
Beaven, H. R.....Bank of British Columbia
Beaven, —. — .....Bank of Montreal
Begg, E. A.....Dominion Bank
Begg, Wm. M .....Bank of Toronto
Belair, L.....Banque Ville Marie
Belcher, John T .....Molsons Bank
Bell, C. B .....Bank of Ottawa
Bell, F. W .....Merchants Bank of Canada
Bell, G. J. B .....Imperial Bank of Canada
Bell, G. S .....Ontario Bank
Bell, J. P.....Canadian Bank of Commerce
Bell, J. P.....Bank of Hamilton
Bell, W .....Imperial Bank of Canada
Bellhouse, G. Y.....Bank of British North America
Bellhouse, Wm. A .....Merchants Bank of Canada
Belt, H. R.....Merchants Bank of Canada
Belt, W. G. H.....Bank of British North America
Benedict, C. L .....Bank of Montreal
Benson, J. J.....Bank of Montreal
Bergeron, J. D .....Banque Ville Marie
Berkley, G. R.....Merchants Bank of Canada
Bernier, J. O.....Banque d'Hochelaga
Bertrand, E. A .....Banque d'Hochelaga
Bethune, F. A .....Molsons Bank
Bethune, H. J .....Dominion Bank
Bienvenu, Tancrede .....Banque Jacques Cartier
Biette, F.....Western Bank of Canada
Bignell, A. E.....Merchants Bank of Canada

Billett, J. Glanville ..... Union Bank of Canada
Billett, T. R ..... Canadian Bank of Commerce
Billings, C. C..... Bank of Ottawa
Billings, J., jr..... Bank of Hamilton
Billingsley, F. C ..... Quebec Bank
Bingay, T. Van B..... Exchange Bank of Yarmouth
Bingham, H. P..... Merchants Bank of Canada
Birchall, A. S..... Union Bank of Canada
Bird, E. H..... Canadian Bank of Commerce
Bird, J. Godfrey ..... Bank of Toronto
Bird, T. A ..... Bank of Toronto
Bishop, A. G..... Merchants Bank of Canada
Black, John ..... Bank of Nova Scotia
Blagdon, J. F..... Merchants Bank of Halifax
Blair, T. B..... Bank of Nova Scotia
Blakeney, H ..... Merchants Bank of Canada
Blanchard, E. R ..... Banque de St. Hyacinthe
Blomfield, F. C..... Bank of Montreal
Boddy, W. C..... Standard Bank of Canada
Bogert, C. A ..... Dominion Bank
Bogert, M. S ..... Dominion Bank
Boire, H. N ..... Banque d'Hochelaga
Bonner, G. W. G ..... Bank of British North America
Borden, F. A..... People's Bank of Halifax
Botsford, W. M..... Merchants Bank of Halifax
Boulais, J. F ..... Banque d'Hochelaga
Boultbee, E. K..... Imperial Bank of Canada
Boulton, F. J..... Union Bank of Canada
Boulton, G. D ..... Imperial Bank of Canada
Boulton, J. D..... Molsons Bank
Bourbeau, H..... Banque Jacques Cartier
Bourdon, F. J ..... Banque Ville Marie
Bourgoin, J. H..... Banque d'Hochelaga
Bourinot, E. W..... Union Bank of Canada
Bourne, G. G ..... Canadian Bank of Commerce
Bowles, Geo ..... Union Bank of Canada
Bowser. A ..... Merchants Bank of Halifax
Boyd, B. C. Barclay..... Bank of New Brunswick
Boyd, W. J..... Canadian Bank of Commerce
Boyer, A..... Banque Jacques Cartier
Boyle, J. A..... Imperial Bank of Canada
Braithwaite, A. D..... Bank of Montreal
Bredin, R. S ..... Ontario Bank
Breedon, H. M..... Bank of British North America
Brent, M. M ..... Standard Bank of Canada
Brewer, H. C..... Molsons Bank
Bridges, C. S. W ..... Imperial Bank of Canada
Brock, H. B ..... Bank of British North America
Brock, W. F ..... Merchants Bank of Halifax
Broderick, A. T..... Union Bank of Canada
Brodie, F. A ..... Bank of Toronto
Brodrick, A. B ..... Molsons Bank
Brodrick, P. W. D ..... Molsons Bank

Brookes, John .....Bank of British North America
Brough, John M .....Halifax Banking Company
Brough, T. G .....Dominion Bank
Brown, G. C .....Imperial Bank of Canada
Brown, Vere C .....Canadian Bank of Commerce
Browne, W. G.....Canadian Bank of Commerce
Bruce, W. Wallace .....Ontario Bank
Bruneau, A.....Banque d'Hochelaga
Brunel, E .....Banque Jacques Cartier
Brydon, James .....Canadian Bank of Commerce
Brymner, R. T .....Canadian Bank of Commerce
Buchan, E .....Bank of Hamilton
Buchan, J. L.....Canadian Bank of Commerce
Buchanan, J. O.....Union Bank of Canada
Burchell, A. S .....Merchants Bank of Halifax
Burchell, John E.....Merchants Bank of Halifax
Burn, Geo .....Bank of Ottawa
Burns, G. H .....Bank of British North America
Burrows, N. R.....Union Bank of Halifax
Burrows, W. A.....Merchants Bank of Canada
Butler, W. E.....Merchants Bank of Canada
Butt, H. H.....Bank of British North America
Butt, R .....Bank of British North America
Butterfield, J .....Bank of Hamilton
Byres, G. Martin .....Ontario Bank

Cadwallader, W. G .....Bank of Nova Scotia
Caldwell, R. B .....Ontario Bank
Caldwell, W .....Bank of Nova Scotia
Cameron, Duncan.....Merchants Bank of Halifax
Cameron, D. A.....Canadian Bank of Commerce
Cameron, D. E.....Canadian Bank of Commerce
Campbell, A. J. D.....Bank of British North America
Campbell, E. A.....Bank of Hamilton
Campbell, J. E .....Banque de St. Hyacinthe
Campbell, J. H .....Molsons Bank
Campbell, J. M.....Bank of Hamilton
Campbell, P .....Bank of Toronto
Campbell, Robt. J.....Bank of Montreal
Cant, Joseph .....Bank of British North America
Capreol, A. R.....Imperial Bank of Canada
Carr, Arthur J.....Bank of British North America
Carlisle, Thos. .....Molsons Bank
Carmichael, J. A. O.....Canadian Bank of Commerce
Carmichael, T .....Bank of Montreal
Carpenter, C. H.....Imperial Bank of Canada
Carreau, G. P.....Banque Nationale
Carriere, J .....Banque Jacques Cartier
Carruthers, George .....Merchants Bank of Canada
Carter, E. H.....Canadian Bank of Commerce
Carter, J. H .....Canadian Bank of Commerce
Cartier, L. J.....Banque Jacques Cartier
Cassels, D. S.....Bank of Hamilton

Cassels, L. G.....Dominion Bank
Cassels, P .....Imperial Bank of Canada
Cassels, R .....Canadian Bank of Commerce
Chadwick, E. A.....Imperial Bank of Canada
Chagnon, J. A.....Banque Jacques Cartier
Champagne, H. A .....Banque Jacques Cartier
Chandler, W. M .....Canadian Bank of Commerce
Chapman, J. R .....Bank of British North America
Charbonneau, A .....Banque Jacques Cartier
Charles, D. H .....Canadian Bank of Commerce
Charlton, F. E .....Merchants Bank of Canada
Chatterton, T. S .....Bank of Toronto
Checkley, E. R.....Merchants Bank of Canada
Checkley, F. Y.....Canadian Bank of Commerce
Chester, A.....Merchants Bank of Canada
Chesterton, C. A.....Bank of Ottawa
Chipman, W. W. L.....Molsons Bank
Chisholm, Geo. R.....Merchants Bank of Halifax
Chisholm, T. A.....Canadian Bank of Commerce
Chisholm, W. R.....Imperial Bank of Canada
Chisholm, W. S.....Merchants Bank of Canada
Christie, A. E .....Union Bank of Canada
Christie, T. N .....Union Bank of Canada
Christie, W. J .....Bank of Ottawa
Clark, A.....Imperial Bank of Canada
Clark, O. S.....Bank of Hamilton
Clark, R.....Bank of Montreal
Clark, R. S.....Imperial Bank of Canada
Clark, S. A.....Merchants Bank of Halifax
Clarke, C. H. Stanley .....Imperial Bank of Canada
Clarke, J. R. B .....Bank of Hamilton
Clawson, J.....Bank of New Brunswick
Clement, A.....Banque Nationale
Clinch, C. W.....Molsons Bank
Clouston, E. S.....Bank of Montreal
Clouston, W. S.....Bank of Montreal
Clowes, F. J.....Canadian Bank of Commerce
Cochran, E. J.....People's Bank of Halifax
Cochrane, Ernest B.....Eastern Townships Bank
Codd, Selby .....Bank of Ottawa
Coffin, T. C.....Quebec Bank
Cole, Francis.....Bank of Ottawa
Coleman, H. J.....Traders Bank of Canada
Collard, W. H.....Imperial Bank of Canada
Comte, A. .....Banque Ville Marie
Conolly, R. G. W.....Canadian Bank of Commerce
Connally, W. S.....Molsons Bank
Constantineau, O .....Banque Ville Marie
Cook, C .....Standard Bank of Canada
Cooke, C. H. S.....Merchants Bank of Canada
Cooke, Wm .....Merchants Bank of Canada
Cooke, W. A.....Canadian Bank of Commerce
Coombs, E. G .....People's Bank of Halifax

Cooper, W. F ..... Bank of Toronto
Cooper, W. J ..... Merchants Bank of Canada
Copeland, W. A ..... Bank of Toronto
Cosby, M. L ..... Imperial Bank of Canada
Côté, J. E ..... Banque Nationale
Cotton, F. C ..... Merchants Bank of Halifax
Couét, L ..... Banque Nationale
Coulson, D ..... Bank of Toronto
Coulthard, W. B ..... People's Bank of New Brunswick
Cowan, R. L ..... Canadian Bank of Commerce
Cowdry, E ..... Canadian Bank of Commerce
Cowie, A. G ..... Bank of British North America
Craig, H. J ..... Western Bank of Canada
Craig, T. L ..... Imperial Bank of Canada
Craig, Will ..... Bank of Toronto
Cran, J ..... Bank of British North America
Crane, John ..... Ontario Bank
Crawford, F. L ..... Canadian Bank of Commerce
Creelman, A ..... Imperial Bank of Canada
Creighton, A. S. ..... Union Bank of Halifax
Creighton, J. S ..... People's Bank of Halifax
Creighton, Ralph ..... Union Bank of Halifax
Crispo, F. W. S ..... Union Bank of Canada
Crombie, A. M ..... Canadian Bank of Commerce
Crombie, B. D ..... Quebec Bank
Crombie, R. B ..... Bank of Montreal
Crompton, R. W ..... Canadian Bank of Commerce
Cronyn, Frank E ..... Molsons Bank
Crosbie, C. A ..... Canadian Bank of Commerce
Cross, F. O ..... Canadian Bank of Commerce
Cross, Lionel F ..... Canadian Bank of Commerce
Crossley, F ..... Canadian Bank of Commerce
Crowdy, W. H ..... Merchants Bank of Halifax
Cruthers, S. ..... Union Bank of Halifax
Cumberland, C. R ..... Bank of British North America
Cumberland, D ..... Bank of British North America
Cummings, H. M ..... Eastern Townships Bank
Currie, A. E ..... Bank of British Columbia
Currie, R. S ..... Merchants Bank of Halifax
Cuthbertson, G. J ..... Bank of Toronto

Daly, Simcoe M ..... Canadian Bank of Commerce
Dampier, L. H ..... Canadian Bank of Commerce
Daniel, G. W ..... Bank of Nova Scotia
Daniels, Fred ..... Bank of Montreal
D'Artois, H ..... Banque Ville Marie
Davidson, R., jr ..... Imperial Bank of Canada
Davis, R. B ..... Bank of Hamilton
Deacon, C. F ..... Bank of British North America
Deacon, F. B ..... Canadian Bank of Commerce
Deans, H. G. P ..... Bank of British North America
DeGex, L. M ..... Canadian Bank of Commerce
DeGuise, L ..... Banque Nationale

Delmege, A. C. E.....Merchants Bank of Canada
DeMille, F. W.....Halifax Banking Company
Denison, E. S.....Imperial Bank of Canada
Dennison, E. O.....Union Bank of Canada
De Veber, Boies.....Halifax Banking Company
Dewar, D. B.....Canadian Bank of Commerce
Dewdney, E. E. L.....Bank of Montreal
Dick, John M.....Bank of New Brunswick
Dick, William.....Bank of Montreal
Dickie, M.....Merchants Bank of Halifax
Dickins, A. H.....Bank of Ottawa
Dickinson, Wm.....Merchants Bank of Halifax
Dimock, R. V.....Merchants Bank of Halifax
Dinning, Neil.....Eastern Townships Bank
Dixon, F. J.....Bank of British North America
Doak, A. E.....Eastern Townships Bank
Dobbin, C. Ross.....Canadian Bank of Commerce
Dodge, L. A.....Commercial Bank of Windsor
Donnelly, John B.....Merchants Bank of Canada
Dorion, H.....Banque Jacques Cartier
Dorval, N.....Banque Ville Marie
Douglas, Geo. H.....Imperial Bank of Canada
Downie, D. H.....Canadian Bank of Commerce
Draper, W. H.....Molsons Bank
Dromgole, E. R.....Merchants Bank of Canada
Drouin, L.....Banque Nationale
Dubuc, J. E. A.....Banque Nationale
Duff, J. M.....Canadian Bank of Commerce
Dufresne, J. M.....Banque Nationale
Dumoulin, P. B.....Quebec Bank
Duncan, D. H.....Merchants Bank of Halifax
Duncan, J. F.....Canadian Bank of Commerce
Dunlop, Fred.....Molsons Bank
Dunsford, C. R.....Union Bank of Canada
Dunsford, W. H.....Canadian Bank of Commerce
Dupuy, H. S.....Bank of Montreal
Durnford, A. D.....Molsons Bank
Dusault, J. H.....Banque d'Hochelaga
Duthie, E.....Bank of Montreal
Dykes, P.....Merchants Bank of Canada

Earle, Ernest A.....Merchants Bank of Halifax
Easson, C. H.....Bank of Nova Scotia
Easton, Geo. C.....Imperial Bank of Canada
Eckardt, H. M. P.....Merchants Bank of Canada
Eddis, J. H.....Imperial Bank of Canada
Edgell, Stephen.....Eastern Townships Bank
Edwards, J. B.....Bank of Toronto
Eliot, W. L.....Bank of Montreal
Elliot, James.....Molsons Bank
Elliott, John.....Standard Bank of Canada
Elliott, R.....Molsons Bank
Ellis, A. E.....Bank of British North America

Ellis, Robt. L.....Bank of British North America
Elmsly, J .....Bank of British North America
Ervin, Chas. K. .....Merchants Bank of Halifax

Falconbridge, J. D.....Imperial Bank of Canada
Farwell, Wm.....Eastern Townships Bank
Faucher, J. D .....Banque Jacques Cartier
Fauquier, F. B .....Imperial Bank of Canada
Fee, Jas. K .....Bank of Toronto
Fenwick, K. S .....Merchants Bank of Canada
Ferguson, B. T... .....Bank of Toronto
Ferguson, D. A .....Molsons Bank
Ferguson, J. H .....Merchants Bank of Halifax
Fewings, E. J. ....Merchants Bank of Canada
Fidler, J. E .....Molsons Bank
Field, F. C.....Bank of Toronto
Finlaison, E. O.....Bank of British North America
Finnie, D. M.....Bank of Ottawa
Finnis, Chas .....Bank of British North America
Finucane, F. J.....Bank of Montreal
Fisher, Guy A .....Union Bank of Canada
Fisher, Henry G.....Bank of Montreal
Fisher, W. H .....Canadian Bank of Commerce
Fisk, A. K.....Bank of British North America
Fitton, H. W.....Canadian Bank of Commerce
Fitzgerald, M. J.....Bank of Nova Scotia
Flemming, H. A .....Bank of Nova Scotia
Foote, W. Leslie .....Imperial Bank of Canada
Forbes, D. J .....Halifax Banking Company
Forrest C .....Imperial Bank of Canada
Forrest, H. F.....Union Bank of Canada
Forrest, S. L. .....Union Bank of Canada
Forrest, W. W .....Bank of Ottawa
Forrester, R. W..... .....Merchants Bank of Halifax
Forsayeth, B.....Bank of Hamilton
Forster, J. A.....Imperial Bank of Canada
Fortier, S .....Banque d'Hochelaga
Foster, G. C.....Imperial Bank of Canada
Foster, R. P.....Merchants Bank of Canada
Fothergill, C.....Bank of Montreal
Fowler, Percy B.....Bank of British Columbia
Fox, Chas. J .....Western Bank of Canada
Fox, Ernest A .....Canadian Bank of Commerce
Francis, B. B. O.....Imperial Bank of Canada
Francis, F. B.....Canadian Bank of Commerce
Fraser, A. C.....Merchants Bank of Canada
Fraser, Hector .....Bank of Ottawa
Fraser, Wm. D.....Eastern Townships Bank
Freeman, C. D .....Bank of Nova Scotia
Frigon, A. J. C .....Banque d'Hochelaga
Frost, Henry.....Banque Ville Marie
Fry, A. G .....Bank of British North America
Fuller, E. H.....Bank of Toronto

Fullerton, L. A.....Bank of Nova Scotia
Fulton, J. W .....Merchants Bank of Halifax
Fyshe, Thos .....Merchants Bank of Canada

Gaboury, W .....Banque d'Hochelaga
Galbraith, R. S.....Imperial Bank of Canada
Galer, H. N .....Eastern Townships Bank
Gallagher, James .....Ontario Bank
Galletly, A. J. C.....Bank of Montreal
Gamble, R. D .....Dominion Bank
Gardiner, H. J .....Merchants Bank of Halifax
Gariepy, M. A.....Banque Jacques Cartier
Gariepy, R.....Banque Ville Marie
Gauthier, J. N.....Banque de St. Jean
Gauthier, L. S.....Banque Jacques Cartier
Gayfer, J. A .....Imperial Bank of Canada
Geddes, H. M .....Molsons Bank
Gerrard, Geo. B.....Bank of British North America
Gibb, J. S .....Imperial Bank of Canada
Gibbs, G. M .....Canadian Bank of Commerce
Gibson, Joseph C.....Dominion Bank
Gilbert, M. A.....Imperial Bank of Canada
Gill, Robert .....Canadian Bank of Commerce
Gillard, J. H .....Bank of British North America
Gilleland, L. J .....Traders Bank of Canada
Gillespie, G .....Bank of British Columbia
Giroux, C, A.....Banque d'Hochelaga
Girvan, Samuel.....Bank of New Brunswick
Glennie, G. G .....Bank of Nova Scotia
Godfrey, W. ....Bank of British North America
Godwin, C. B.....Quebec Bank
Godwin, F. R..... ....Bank of Ottawa
Gordon, J. S .....Bank of Hamilton
Gordon, W.....Imperial Bank of Canada
Gosling, F. J.....Bank of Hamilton
Gould, R. J.. .....Bank of Toronto
Gowdy, A. B .....Traders Bank of Canada
Gower, E. P .....Canadian Bank of Commerce
Graecen, W. H.....Imperial Bank of Canada
Graham, Percy.....Peoples Bank of Halifax
Graham, S. R .....Molsons Bank
Grant, D. C .....Bank of Toronto
Grasett, H. J.....Canadian Bank of Commerce
Gray, C. W. .....Union Bank of Halifax
Gray, D. M.....Merchants Bank of Canada
Gray, Fred H .....Standard Bank of Canada
Gray, H. A.....Bank of Hamilton
Gray, H. M .....Bank of Montreal
Gray, J. E .....Standard Bank of Canada
Gray, R. M .....Bank of Toronto
Gray, V. G.....Bank of British North America
Greata, J. M .....Bank of Montreal
Green, A. R .....Imperial Bank of Canada

Green, J. Bertram.....Bank of British Columbia
Greenhill, G V. J.....Merchants Bank of Canada
Griesbach, W. A .....Imperial Bank of Canada
Gresley, N. B.....Bank of British North America
Griffin, F. F.....Bank of Ottawa
Griffin, Geo. H.....Bank of Montreal
Grindley, H. S ..... Bank of British North America
Groff, H. H .....Molsons Bank
Grubbe, E. H.....Bank of Montreal
Grubbe, R. W..... .....Bank of Toronto
Guimond, L. E.....Banque d'Hochelaga

Haberer, Eug.....Molsons Bank
Hagerman, A. E .....Ontario Bank
Hague, F .....Merchants Bank of Canada
Hague, Geo .....Merchants Bank of Canada
Hague, Geo. E..... .....Merchants Bank of Canada
Hahn, F. X .....Merchants Bank of Canada
Haines, H .....Bank of British Columbia
Hale, Jeffery .....Canadian Bank of Commerce
Hall, A. S.....Bank of British North America
Hall, H. E.....Bank of New Brunswick
Hall, T. G.....Bank of British North America
Hall, W. J. E .....Banque Ville Marie
Halls, F. E.....Peoples Bank of Halifax
Halstead, A. G.....Merchants Bank of Canada
Hamilton, J. W.....Bank of British North America
Hamilton, R. M .....Bank of Montreal
Hamlin, A. S.....Banque Jacques Cartier
Harcourt, J. L .....Canadian Bank of Commerce
Hargraft, E. W.....Bank of Toronto
Hargrave, W. H .....Eastern Townships Bank
Harper, C. G.....Merchants Bank of Canada
Harper, J. F.....Bank of Hamilton
Harries, H. A .....Molsons Bank
Harris, C E .....Merchants Bank of Halifax
Harris, F. St. C. .....Union Bank of Halifax
Harrison, R. M.....Union Bank of Canada
Harrison, T. S .....Canadian Bank of Commerce
Harrison, W. H .....Halifax Banking Company
Hart, M. C .....Bank of Hamilton
Hart, W. D.....Standard Bank of Canada
Harvey, H. A .....Bank of British North America
Harvey, R. G .....Bank of British Columbia
Harvey, W. C .....Union Bank of Halifax
Harwood, Chas. DeV .....Quebec Bank
Hatfield, C. E .....Molsons Bank
Haun, A. W .....Bank of Hamilton
Hawkins, G. N. C..... .....Peoples Bank of Halifax
Hawley, C. W .....Eastern Townships Bank
Hay, E .....Imperial Bank of Canada
Hay, Geo., Jr. ... .Bank of Ottawa
Hazen, A. P .....Bank of British North America

Hearn, A. R. B.....Imperial Bank of Canada
Hebblewhite, W. A.....Imperial Bank of Canada
Hebden, E. F.....Merchants Bank of Canada
Hebert, J. B.....Banque Jacques Cartier
Heffell, H. R.....Bank of British North America
Helm, W. J.....Bank of Toronto
Helsby, E. C.....Peoples Bank of Halifax
Henderson, G. A.....Bank of Montreal
Henderson, Joseph.....Bank of Toronto
Henderson, J. H.....Union Bank of Canada
Henderson, P. E.....Bank of British North America
Henderson, W. T.....Imperial Bank of Canada
Henwood, H. B.....Bank of Toronto
Hespeler, Jacob.....Molsons Bank
Hetherington, James.....Eastern Townships Bank
Heward, E. H.....Merchants Bank of Canada
Hill, E. W. R.....Molsons Bank
Hill, G. N. T.....Canadian Bank of Commerce
Hill, J. F. H.....Merchants Bank of Canada
Hill, T. S.....Dominion Bank
Hillary, Norman.....Traders Bank of Canada
Hinds, W. G.....Merchants Bank of Canada
Hirtzel, H. M.....Canadian Bank of Commerce
Hoare, C. S.....Imperial Bank of Canada
Hodder, M. S.....Merchants Bank of Canada
Hodgetts, G. W.....Bank of Toronto
Hodgetts, Thos.....Bank of Toronto
Hodgins, E. S.....Canadian Bank of Commerce
Hodgson, G. C.....Union Bank of Halifax
Hogg, W., jr.....Canadian Bank of Commerce
Hogg, W. J.....Bank of Montreal
Holden, M. E.....Dominion Bank
Holland, G. A.....Canadian Bank of Commerce
Holland, H. F.....Bank of Toronto
Hollingshead, A. S.....Ontario Bank
Hollyer, A. J.....Bank of Montreal
Holmested, F. W.....Canadian Bank of Commerce
Holt, Grange V.....Bank of British Columbia
Hood, John.....Bank of Ottawa
Hope, F.....Bank of British North America
Hopkirk, F. B.....Bank of Ottawa
Horne, G. H.....Canadian Bank of Commerce
Hornsby, O. A.....Merchants Bank of Halifax
Houseman, J. E.....Molsons Bank
Houston, E. S.....Imperial Bank of Canada
Houston, H. C.....Imperial Bank of Canada
Houston, W. R.....Dominion Bank
Howard, H.....Ontario Bank
Hubbell, J. L.....Canadian Bank of Commerce
Hudson, J. Stanley.....Bank of British North America
Hughes, F. S.....Imperial Bank of Canada
Hunter, E. P.....Quebec Bank
Hunter, F. J.....Bank of Montreal

Hurdon, N. D ..... Molsons Bank
Hutcheson, S. M ..... Western Bank of Canada
Hutchinson, F. W ..... Canadian Bank of Commerce
Hutchison, H. G ..... Western Bank of Canada

Inglis, John ..... Merchants Bank of Canada
Inglis, R..... Bank of British North America
Ireland, A. H ..... Canadian Bank of Commerce
Irvine, J H..... Bank of Ottawa

Jackson, A. E. P..... Canadian Bank of Commerce
Jackson, E. B ..... Union Bank of Canada
Jackson, E. C ..... Traders Bank of Canada
Jaffray, W. G ..... Imperial Bank of Canada
James, Victor C ..... Merchants Bank of Canada
Jardine, J ..... Bank of Nova Scotia
Jarvis, Arthur S..... Union Bank
Jarvis, Edgar R ..... Canadian Bank of Commerce
Jarvis, E. W. ..... Bank of Montreal
Jarvis, F. P ..... Imperial Bank of Canada
Jarvis, F. S..... Merchants Bank of Canada
Jarvis, Gerald ..... Bank of Ottawa
Jemmett, F..... Merchants Bank of Canada
Jemmett, F. G ..... Canadian Bank of Commerce
Jemmett, H ..... Canadian Bank of Commerce
Jennings, B ..... Imperial Bank of Canada
Jennings, J. B ..... Western Bank of Canada
Jennings, R. C ..... Canadian Bank of Commerce
Johnson, F. W. G..... Molsons Bank
Johnston, Geo. S ..... Bank of Toronto
Johnston, J. D ..... Merchants Bank of Canada
Johnston, J. M ..... Quebec Bank
Johns, T. W ..... Bank of Yarmouth
Jones, A. F. H ..... Traders Bank of Canada
Jones, E. C..... Bank of Montreal
Jones, G. W ..... Standard Bank of Canada
Jones, R. L. Y ..... Quebec Bank
Jones, H. V. F..... Canadian Bank of Commerce
Jones, W. G..... Bank of Nova Scotia
Joy, B. H ..... Merchants Bank of Canada
Jubin, H. W ..... Union Bank of Halifax
Jukes, A..... Imperial Bank of Canada

Kains, J. M ..... Imperial Bank of Canada
Kane, P. H ..... Bank of Ottawa
Karshaw, W. B..... Merchants Bank of Canada
Kavanagh, C. R ..... Bank of Ottawa
Kavanagh, W. J..... Imperial Bank of Canada
Kay, E. J ..... Imperial Bank of Canada
Kelso, H. M ..... Ontario Bank
Kelly, J ..... Standard Bank of Canada
Kelly, J. E..... Merchants Bank of Canada
Kemp, Donald ..... Merchants Bank of Halifax

Kemp, J. C .....Canadian Bank of Commerce
Kennedy, C. A .....Bank of Nova Scotia
Kenny, C. H.....Bank of Ottawa
Kenny, L. F .....Merchants Bank of Halifax
Kessen, Blaikie R.....Bank of Ottawa
Ketchum, C. V.....Bank of Toronto
Kilgour, W. A .....Canadian Bank of Commerce
Killaly, R. H.....Molsons Bank
Kilvert, F. E., jr .....Bank of Hamilton
Kimball, F. E .....Bank of Toronto
King, P. F.....Bank of Hamilton
King, W. C. J .....Canadian Bank of Commerce
Kirkland, Angus .....Bank of Montreal
Kirkpatrick, G. R. F.....Imperial Bank of Canada
Kirkpatrick, R. C.....Merchants Bank of Canada
Kirkpatrick, W. R.....Bank of Toronto
Kirkwood, T .....Bank of British North America
Knight, A. S .....Bank of Nova Scotia
Kohl, E. F.....Molsons Bank
Kortwright, E. A .....Bank of Toronto
Kydd, Geo..... .....Merchants Bank of Halifax

Labadie, P. A .....Banque Nationale
Laberge, A .....Banque Jacques Cartier
Lacasse, J. F.....Banque Jacques Cartier
Lacoursiere, F. X. O .....Banque d'Hochelaga
Lafrance, P. G .....Banque Nationale
Laing, G. F .....Bank of British North America
Laing, R. T .....Canadian Bank of Commerce
Laird, Alex ....Canadian Bank of Commerce
Laird, D. R .....Bank of Nova Scotia
Lalonde, Geo.....Banque Jacques Cartier
Lamb, J. R.....Bank of Toronto
Lamont, Malcolm .....Bank of British Columbia
Lamontaigne, E .....Quebec Bank
Langlois, C .....Banque d'Hochelaga
Langmuir, J. A.....Imperial Bank of Canada
Lariviere, Emery ....Banque Jacques Cartier
Larken, F. B. D .....Bank of British North America
Larose, J. L. M .....Banque Jacques Cartier
Latimer, C. R. .....Bank of Toronto
Laundy, T. H .....Bank of British Columbia
Laurenulle, J. E .....Banque Jacques Cartier
Lavoie, N .....Banque Nationale
Lawlor, T .....Banque Jacques Cartier
Lawson, A. E .....Commercial Bank of Windsor
Lawson, Reginald .....Bank of Nova Scotia
Lawson, Walter .....Commercial Bank of Windsor
Lay, Harry M .....Canadian Bank of Commerce
Lay, J. M .....Imperial Bank of Canada
Leach, Hugh.....Bank of Toronto
Leavitt, J. D.....Union Bank of Halifax
Leblanc, J. O .....Banque Jacques Cartier

Ledoux, A. O .....Eastern Townships Bank
Leduc, F. E .....Banque Jacques Cartier
Leduc, F. G .....Banque Jacques Cartier
Leduc, L. Z .....Banque Jacques Cartier
Lefebvre, J. E. A .....Banque Jacques Cartier
Lefebvre, J. H .....Banque Ville Marie
Lefroy, A. C .....Bank of Toronto
Lefroy, J. D .....Imperial Bank of Canada
Legault, O. W .....Banque Ville Marie
Le Mesurier, G. G.....Imperial Bank of Canada
Lemieux, J .....Banque Jacques Cartier
Leslie, A .....Bank of British North America
Leslie, J.....Bank of Montreal
Leslie, N. G .....Imperial Bank of Canada
Lessard, C.....Banque Vilie Marie
Lesslie, E. V .....Bank of Montreal
Lewer, M. W.....Bank of British North America
Lewis, C. A.....Merchants Bank of Canada
Lewis, J. D .....Imperial Bank of Canada
Lewis, Norman F.....Canadian Bank of Commerce
Lindsay, J. K.....Bank of British North America
Lister, F. A. W.....Merchants Bank of Canada
Little, A. F. .....Union Bank of Halifax
Lloyd, C. H .....Ontario Bank
Lobb, W. A .....Bank of British Columbia
Lockwood, H.....Bank of Montreal
Lockwood, H.....Molsons Bank
Logan, A. H.....Bank of Ottawa
Logan, F. W.....Canadian Bank of Commerce
Lombard, J. H .....Bank of Nova Scotia
Loosemore, H. H.....Standard Bank of Canada
Love, C. A.....Imperial Bank of Canada
Low, H. Ryland .....Molsons Bank
Lugsdin, W. H.....Canadian Bank of Commerce
Luxton, A. G. H .....Bank of Hamilton
Lyon, R. A.....Imperial Bank of Canada
Lytle, H. J.....Ontario Bank

Mabon, E. J .....Bank of Nova Scotia
Mabon, S. W.....Bank of Nova Scotia
Macdonald, Jno.....Bank of British North America
Macdonald, R. H.....Peoples Bank of Halifax
MacGachen, A. F. D .....Bank of Montreal
MacGachen, F. L.....Merchants Bank of Canada
MacGillivray, D .....Canadian Bank of Commerce
MacGowan, W. J.....Merchants Bank of Canada
MacHaffie, L. G .....Bank of British North America
Machaffie, W. A .....Merchants Bank of Canada
MacKenzie, A. H. B.....Canadian Bank of Commerce
MacKenzie, C. E.....Merchants Bank of Halifax
Mackenzie, G. H.....Merchants Bank of Halifax
MacKenzie, G. P.....Bank of British North America
Mackenzie, H. B.....Bank of British North America

MacKenzie, J. M .....Imperial Bank of Canada
Mackenzie, L. R. A.... .....Banque Jacques Cartier
Mackinnon, Jas.....Eastern Townships Bank
Mackintosh, A. St. L.....Merchants Bank of Canada
Mackintosh, C. D.....Canadian Bank of Commerce
Mackay, J. R..... .....Merchants Bank of Halifax
MacMahon, H. P.....Traders Bank of Canada
MacMillan, D. A .....Merchants Bank of Canada
MacNamara, D .....Bank of Ottawa
Macnider, A .....Bank of Montreal
Macnutt, E. A. .....Merchants Bank of Halifax
Macoun, F. J.....Canadian Bank of Commerce
Macpherson, R. C.....Canadian Bank of Commerce
MacQuarrie, A. J.....Bank of British North America
McBride, J. H .....Bank of Toronto
McCaffry, Thos. F .....Union Bank of Canada
McCarroll, Jas .....Halifax Banking Company
McCarthy, L. M. M .....Bank of Hamilton
McCaw, A. S.....Eastern Townships Bank
McCleneghan, A. B.....Imperial Bank of Canada
McClintock, E. S. V.....Bank of Montreal
McCosh, R. G .....Canadian Bank of Commerce
McCuaig, C. M .....Molsons Bank
McCurdy, D. A ....Halifax Banking Co.
McCurdy, E. A .....Merchants Bank of Halifax
McCurdy, F. B.....Halifax Banking Company
McDonald, Arthur.... .....Bank of New Brunswick
McDonald, W .....Union Bank of Halifax
McDonell, A. J.....Ontario Bank
McDougall, Allan.....Quebec Bank
McDougall, F .....Merchants Bank of Halifax
McDougall, H. H .....Merchants Bank of Halifax
McDougall, Thomas .....Quebec Bank
McGill, C .....Ontario Bank
McGill, V. C.....Ontario Bank
McGillivray, A..... ....Bank of Toronto
McGregor, D .....Canadian Bank of Commerce
McGuire, W .....Imperial Bank of Canada
McHarrie, R. C .....Canadian Bank of Commerce
McInnis, D .....Banque d'Hochelaga
McIsaac, John A .....Merchants Bank of Halifax
McKay, G. B.....Bank of Toronto
McKeand, D. L .....Bank of British North America
McKee, G. W .....Canadian Bank of Commerce
McKeen, John .....Bank of Nova Scotia
McLaggan, C E .....Bank of Nova Scotia
McLaren, A. D .....Bank of Hamilton
McLaren, D .....Bank of Ottawa
McLean, A. D .....Merchants Bank of Halifax
McLelland, E. J .....Merchants Bank of Halifax
McLennan, D .....Canadian Bank of Commerce
McLeod, H. C .....Bank of Nova Scotia
McLeod, J. A .....Bank of Nova Scotia

McLeod, P.....Banque Jacques Cartier
McLimont, R .....Merchants Bank of Canada
McMahon, H. P .....Traders Bank of Canada
McMahon, J.....Molsons Bank
McMaster, T. G .....Canadian Bank of Commerce
McMichael, H. M .....Bank of British North America
McMullen, E W .....Merchants Bank of Canada
McMurray, L. S .....Bank of Toronto
McQuaid, J. H.....Merchants Bank of P.E.I.
McRae, A. D .....Union Bank of Halifax
McTavish, G.....Imperial Bank of Canada
McVity, H. H. .....Canadian Bank of Commerce
Macoun, F. J.....Canadian Bank of Commerce
Magee, J. E .....Merchants Bank of Canada
Magee, T. W.....Halifax Banking Company
Mair, Geo .....Traders Bank of Canada
Malpas, F. C.....Bank of British Columbia
Mann, F. A .....Merchants Bank of Canada
Manson, Wm.....Canadian Bank of Commerce
Marchand, A.....Banque Jacques Cartier
Marler, W. L.....Merchants Bank of Canada
Marquette, P.....Bank of British North America
Marsh, F. H.....Imperial Bank of Canada
Marsland, C. B.....Molsons Bank
Martin, James .....Bank of Ottawa
Marquis, H. G.....Bank of British North America
Massay, George.....Bank of Montreal
Massey, W. M .....Bank of British North America
Mathewson, F. H.....Canadian Bank of Commerce
Maynard, Wm., jr.....Canadian Bank of Commerce
Meldrum, G. H.....Canadian Bank of Commerce
Meldrum, W. A.....Traders Bank of Canada
Mellish, A. E.....Merchants Bank of Halifax
Mercer, W. S.....Merchants Bank of Canada
Meredith, M. F.....Bank of British North America
Merrett, T. E.....Merchants Bank of Canada
Metzler, R. H.....Halifax Banking Company
Meynell, W. B.....Merchants Bank of Halifax
Michie, G. W.....Union Bank of Canada
Middleton, W. E.....Ontario Bank
Millidge, J. J.....Union Bank of Canada
Miller, D.....Merchants Bank of Canada
Miller, G. A. .....Merchants Bank of Canada
Minto, A. D.....Bank of Nova Scotia
Minty, F. C. G.....Canadian Bank of Commerce
Minty, H. J .....Canadian Bank of Commerce
Mitchell, W. F.....Merchants Bank of Halifax
Moffat, A. C .....Canadian Bank of Commerce
Moffat, W .....Imperial Bank of Canada
Moles, H. G.....Bank of Ottawa
Molson, J. D.....Molsons Bank
Monk, A. B.....Bank of Montreal
Monk, John Benning .....Bank of Ottawa

Montgomery, R. J.....Canadian Bank of Commerce
Montizambert, A .....Bank of Montreal
Mooney, Andrew..... .....Bank of Nova Scotia
Moore, C. .....Bank of British North America
Moore, E. A .....Bank of Montreal
Moore, G. S .....Bank of Nova Scotia
Moorman, J. .....Halifax Banking Co
Morden, H. J .....Standard Bank of Canada
More, John C .....Merchants Bank of Canada
Moreau, W. A .....Banque de St. Hyacinthe
Moreault, J. F .....Banque Jacques Cartier
Morehouse, W. E .....Eastern Townships Bank
Morey, Samuel F .....Eastern Townships Bank
Morgan, C. G .....Merchants Bank of Canada
Morgan, H. H ....Imperial Bank of Canada
Morley, O .....Bank of British North America
Morris, E .....Ontario Bank
Morris, H. H. ....Canadian Bank of Commerce
Morris, J .....Ontario Bank
Morris, M .....Canadian Bank of Commerce
Morris, M .....Imperial Bank of Canada
Morrison, J. H .....Halifax Banking Company
Morrison, J. J .....Bank of British North America
Morrison, P. W .....Merchants Bank of Halifax
Morrison, R. P.....Halifax Banking Company
Morson, W. C. T .....Canadian Bank of Commerce
Morton, W. D ....Bank of Toronto
Mosher, H. E .....Commercial Bank of Windsor
Mowat, John..... .....Bank of Nova Scotia
Moyle, J. R .....Bank of British North America
Muckleston, A. J.....Canadian Bank of Commerce
Munro, A. D.....Bank of Nova Scotia
Munro, Geo ....Merchants Bank of Canada
Munro, Geo. W .....Peoples Bank of Halifax
Munro, J. S .....Bank of British Columbia
Munro, K. V.....Bank of British Columbia
Murray, A. H .....Imperial Bank of Canada
Murray, F. L .....Merchants Bank of Halifax
Murray, H. S .....Merchants Bank of Halifax
Murray, J. F .....Canadian Bank of Commerce
Murray, J. McE .....Canadian Bank of Commerce
Murray, William .....Bank of British Columbia
Mussen, R. T..... .....Canadian Bank of Commerce

Naftel, F. J.....Bank of Montreal
Nash, A. E..... .....Bank of Montreal
Nasmith, H. C ....Canadian Bank of Commerce
Nay, J. W .....Imperial Bank of Canada
Naylor, W. S.....Molsons Bank
Neeve, J. H .....Bank of Ottawa
Neill, C. E. .....Merchants Bank of Halifax
Nevill, C. D .....Bank of British North America
Niblett, E. R. .....Bank of Hamilton

Nichol, John D.....Bank of Hamilton
Nicoll, J. C.....Bank of British North America
Noble, C. J.....Canadian Bank of Commerce
Noel, H. V.....Quebec Bank
Normand L. J .....Banque Ville Marie
Nourse, C. G. K .....Canadian Bank of Commerce
Nowers, W. H .....Merchants Bank of Canada
Nunns, A. L .....Imperial Bank of Canada

O'Grady, F. G .....Merchants Bank of Canada
O'Grady, G. deC .....Canadian Bank of Commerce
O'Grady, J. W. deC.....Bank of Montreal
O'Halloran, J. M .....Eastern Townships Bank
Oliver, F. G .....Merchants Bank of Canada
Oliver, W. T .....Bank of British North America
Olivier, E. P .....Eastern Townships Bank
Ord, A. B.....Traders Bank of Canada
O'Reilly, H. H.....Bank of Hamilton
O'Reilly, H. R .....Canadian Bank of Commerce
Osler, D. F.....Imperial Bank of Canada
Owen, L. C .....Bank of Ottawa

Paddon, J. A.....Bank of Montreal
Palmer, A. L.....Imperial Bank of Canada
Pangman, H. G.....Canadian Bank of Commerce
Paquin, L. Z.....Banque Jacques Cartier
Pardee, G. C.....Bank of Montreal
Parker, A. D.....Canadian Bank of Commerce
Parker, Albert L.....Eastern Townships Bank
Parker, G. G.....Bank of Ottawa
Parker, F. A.....Merchants Bank of Canada
Parker, W. D.....Ontario Bank
Parkes, G. E.....Bank of British Columbia
Parkes, T. G. A .....Merchants Bank of Halifax
Parsons, H. B .....Canadian Bank of Commerce
Pashby, R .....Bank of Toronto
Pashley, F. W .....Molsons Bank
Paterson, J. C .....Merchants Bank of Canada
Paterson, N .....Imperial Bank of Canada
Paterson, T. H.....Bank of British Columbia
Paterson, R. W .....Bank of Ottawa
Patterson, A. B.....Merchants Bank of Canada
Patterson, C. A.....Bank of Hamilton
Patterson, E. L. Stewart .....Eastern Townships Bank
Patton, F. L .....Dominion Bank
Patton, R. C.....Quebec Bank
Pearce, W. K .....Dominion Bank
Pease, Edson L.....Merchants Bank of Halifax
Peden, G. R .....Bank of Ottawa
Pegram, W. H .....Bank of British Columbia
Pemberton, G. C. T.....Canadian Bank of Commerce
Penfold, J .....Bank of British North America
Pennington, Wm. J. G.....Bank of British North America

Pennock, C. G .....Bank of Ottawa
Pennock, H. C .....Bank of Ottawa
Pepin, A. .....Banque Ville Marie
Pepler, A .....Dominion Bank
Percival, W. F .....Bank of Toronto
Peterson, F. J.....Imperial Bank of Canada
Pethick, H. S.....Bank of Nova Scotia
Phepoe, F. B ....Molsons Bank
Philip, W .....Imperial Bank of Canada
Phillips, E. S.....Merchants Bank of Canada
Philpot, F. V .....Imperial Bank of Canada
Phillpotts, W E. .....Bank of British North America
Phipps, A. E. .....Imperial Bank of Canada
Phipps, A. R .....Canadian Bank of Commerce
Pidcock, C. S.....Union Bank of Canada
Piddington, Alfred .....Quebec Bank
Pinkham, J .....Imperial Bank of Canada
Pitblado, J.....Bank of Nova Scotia
Pitt, Edward.....Bank of Montreal
Playter, E. M ....Canadian Bank of Commerce
Plummer, J. H .....Canadian Bank of Commerce
Polson, Hugh .....Canadian Bank of Commerce
Pool, John .....Traders Bank of Canada
Pope, Frank H.....Ontario Bank
Porter, Jas S.....Bank of Toronto
Pottenger, F. W.....Merchants Bank of Canada
Pottenger, John .....Merchants Bank of Canada
Pousette, A. C. P..... .....Bank of Toronto
Powell, Carlos S .....Banque Jacques Cartier
Pratt, Edward C .....Molsons Bank
Pratt, W. H .....Molsons Bank
Prendergast, M. J. A .....Banque d'Hochelaga
Pringle, A. D .....Merchants Bank of Canada
Pringle, John ....Bank of Toronto
Pringle W.....Merchants Bank of Canada
Proctor, J R.....Union Bank of Canada
Pugh, Henry J.....Union Bank of Canada
Putnam, Arthur G.....Merchants Bank of Halifax

Raby, J. A. .....Banque Jacques Cartier
Racey, E. F .....Bank of British North America
Radcliffe, D. A.....Ontario Bank
Rae, H. C .....Canadian Bank of Commerce
Ramsden, F. D.....Bank of Toronto
Ransom, Wm. Bayly ....Bank of British Columbia
Raymond, S. D..... .....Imperial Bank of Canada
Raynes, H. F. ....Union Bank of Canada
Read, Chas. N .....Merchants Bank of Canada
Read, H. L. .....Merchants Bank of Canada
Read, L. B .....Merchants Bank of Halifax
Reade, C. W..... .....Imperial Bank of Canada
Reed, R. L. Baynes.....Molsons Bank
Reesor, J. D ....Standard Bank of Canada

Reeve, R. F .....Bank of Montreal
Reid, A. Z .....Banque Jacques Cartier
Reid, B. L.....Canadian Bank of Commerce
Reid, E. R. .....Commercial Bank of Windsor
Reid, Geo. P.....Standard Bank of Canada
Reid, H. L.....Imperial Bank of Canada
Renshaw, H. A.....Merchants Bank of Canada
Reynolds, W. P .....Molsons Bank
Rhodes, W. C.....Molsons Bank
Riopel, D. P .....Banque Ville Marie
Rice, O. F..... Imperial Bank of Canada
Richardson, H. A .....Bank of Nova Scotia
Richardson, J. A.....Imperial Bank of Canada
Richardson, M. A ....Imperial Bank of Canada
Richardson, R. B.....Merchants Bank of Halifax
Richer, A ....Banque Jacques Cartier
Richey, M. S. L.....Bank of Montreal
Ridout, A. H.....Bank of Hamilton
Ridout, A. W.....Canadian Bank of Commerce
Ridout, H. E.....Imperial Bank of Canada
Rimington, S. B .....Molsons Bank
Rintoul, R .....Bank of Montreal
Robarts, A. W.....Canadian Bank of Commerce
Robarts, E. C .....Imperial Bank of Canada
Roberts, J. P.. .....Bank of British North America
Roberts, Wm.....Canadian Bank of Commerce
Robertson, A.....Bank of Nova Scotia
Robertson, Blair .....Bank of Nova Scotia
Robertson, David.....Bank of Ottawa
Robertson, W. J .....Canadian Bank of Commerce
Robinson, Edward N .....Eastern Townships Bank
Robinson, F. M.....Bank of Hamilton
Robinson, H. B .....Bank of Montreal
Robinson, J. A .....Merchants Bank of Canada
Robinson, P. C.....Bank of Nova Scotia
Robinson, R. A.....Bank of British North America
Robinson, Wm. H.....Eastern Townships Bank
Robinson, G. A.....Bank of British North America
Robitaille, G. S. F.....Quebec Bank
Ropsey, W. J.....Ontario Bank
Ross, C. A.....Dominion Bank
Ross, C. G.....Ontario Bank
Ross, F. J .....Merchants Bank of Canada
Ross, R .....Dominion Bank
Ross, W. D .....Bank of Nova Scotia
Rothwell, H. L.....Canadian Bank of Commerce
Rouban, G.....Banque Ville Marie
Rousseau, J. A .....Banque Jacques Cartier
Rowe, A. C.....Bank of British North America
Rowley, A. H.....Bank of Nova Scotia
Rowley, C. W .....Canadian Bank of Commerce
Rowley, H. H .....Bank of British North America
Rowley, O. R.....Bank of British North America

Ruby, A ..... Bank of Hamilton
Rudderham, H. E ..... Peoples Bank of Halifax
Ruggles, J. W ..... Bank of Nova Scotia
Rumsey, A ..... Imperial Bank of Canada
Rumsey, C. S ..... Traders Bank of Canada
Russell, J. A ..... Halifax Banking Company
Russell, W ..... Bank of Hamilton
Rutland, H. G ..... Bank of Hamilton
Ruttan, W. A ..... Merchants Bank of Canada
Ryan, J. W ..... Union Bank of Halifax

St. Jean, E. G ..... Banque Jacques Cartier
Salsbury, F. T ..... Bank of British North America
Sampson, A. R ..... Dominion Bank
Sansom, D. M ..... Canadian Bank of Commerce
Saunders, A. L ..... Dominion Bank
Saunders, E. M ..... Canadian Bank of Commerce
Saunderson, Geo ..... Bank of Nova Scotia
Savage, W. J ..... Canadian Bank of Commerce
Scarth, C. G ..... Bank of Montreal
Schell, H. P ..... Canadian Bank of Commerce
Schofield, G. A ..... Bank of New Brunswick
Schofield, G. P ..... Standard Bank of Canada
Scott, A ..... Canadian Bank of Commerce
Scott, Robert C ..... Merchants Bank of Canada
Scott, W. B ..... Merchants Bank of Canada
Seath, John ..... Canadian Bank of Commerce
Secord, H. C ..... Imperial Bank of Canada
Secord, H. C ..... Canadian Bank of Commerce
Secord, S. W ..... Imperial Bank of Canada
Sewell, H. F. D ..... Bank of British Columbia
Shadbolt, E. M. ..... Bank of Montreal
Shannon, E. G ..... Halifax Banking Company
Shannon, W. T ..... Standard Bank of Canada
Sharpe, E. M. ..... Merchants Bank of Canada
Sharpe, O. H ..... Bank of British North America
Sharpe, T. B ..... Bank of Ottawa
Shaw, G. H ..... Quebec Bank
Shaw, H. B ..... Union Bank of Canada
Shaw, Norman R ..... Canadian Bank of Commerce
Shaw, Robert ..... Merchants Bank of Canada
Shea, J. S ..... Banque Jacques Cartier
Shepherd, D ..... Molsons Bank
Sherman, F. J ..... Merchants Bank of Halifax
Short, F. T ..... Bank of British North America
Short, H. A ..... Eastern Townships Bank
Shreve, F. J ..... Merchants Bank of Canada
Sicotte, P ..... Banque Jacques Cartier
Siegel, J ..... Union Bank of Canada
Simon, J ..... Bank of British Columbia
Simpson, A ..... Ontario Bank
Simpson, A. H. M ..... Eastern Townships Bank
Simpson, D ..... Bank of British North America

Sinter, Thos. S.....Bank of British North America
Sitwell, F. A. H. .....Molsons Bank
Skeaff, Jno. Stewart.....Bank of Toronto
Skelton, Arthur C.....Bank of British North America
Skey, A. H.....Bank of Hamilton
Skey, Wm. Russel ....Molsons Bank
Slack, F. W .....Eastern Townships Bank
Sloane, B. O'R .....Quebec Bank
Sloane, S. F .....Dominion Bank
Sloane, W. P.....Quebec Bank
Slocock, Edmund.....Imperial Bank of Canada
Smart, R. H .....Traders Bank of Canada
Smith, Arthur G .....Union Bank of Canada
Smith, A. M .....Merchants Bank of Canada
Smith, A. M .....Merchants Bank of Halifax
Smith, A. V .....Halifax Banking Co.
Smith, Chas. C .....Quebec Bank
Smith, Chas. Graham .....Eastern Townships Bank
Smith, Edward F.....Merchants Bank of Halifax
Smith, Fred W.....Union Bank of Canada
Smith, G. W .....Canadian Bank of Commerce
Smith, J. A.....Canadian Bank of Commerce
Smith, J. C.....Banque Ville Marie
Smith, Lyndon .....Merchants Bank of Canada
Smith, Wm .....Merchants Bank of Canada
Smith, Wm. H.....Ontario Bank
Smith, W. Thomson.....Traders Bank of Canada
Snyder, L. P.....Traders Bank of Canada
Somerville, P. H. W.....Banque Ville Marie
Spencer, A. V .....Merchants Bank of Canada
Spencer, W. A .....Merchants Bank of Halifax
Spier, Wm.....Eastern Townships Bank
Spink, G. A. .....Merchants Bank of Halifax
Spinney, G. G .....Bank of British North America
Spragge, G. E .....Imperial Bank of Canada
Sproat, Jno.....Bank of Hamilton
Spurden, J. W .....Peoples Bank of New Brunswick
Stanger, E.....Bank of British North America
Stavert, E. P .....Summerside Bank
Stavert, W. E .....Bank of Nova Scotia
Steele, E. K .....Imperial Bank of Canada
Steeves, A. A .....Merchants Bank of Halifax
Stephens, N. C .....Standard Bank of Canada
Stephens, W. S.....Molsons Bank
Sterns, G. W.....Halifax Banking Company
Steven, Claude H .....Bank of British North America
Steven, H. S .....Bank of Hamilton
Steven, J. .....Bank of British North America
Stevenson, B. B .....Quebec Bank
Stevenson, H. H .....Molsons Bank
Stevenson, M. S. .....Molsons Bank
Stevenson, P. C .....Canadian Bank of Commerce
Stewart, D. M .....Merchants Bank of Halifax
Stewart, E. G .....Union Bank of Canada

Stewart, H. Malcolm .....Bank of British Columbia
Stewart, J. A.....Standard Bank of Canada
Stewart, J. D.....Banque Ville Marie
Stewart, J. P. L. .....Union Bank of Halifax
Stewart, W. J .....Standard Bank of Canada
Stidston, J. H .....Imperial Bank of Canada
Stikeman, H.....Bank of British North America
Stork, C. M .....Canadian Bank of Commerce
Strathy, E. K .....Union Bank of Canada
Strathy, Frank W.....Union Bank of Canada
Strathy, H. S .....Traders Bank of Canada
Strathy, Stuart.....Traders Bank of Canada
Strickland, C. N. S.....Union Bank of Halifax
Strickland, P. D. E.....Quebec Bank
Strong, F. W.....Merchants Bank of Canada
Stuart, John H .....Bank of Hamilton
Sutherland, A. H.....Union Bank of Canada
Swaisland, G. W .....Molsons Bank
Sweeny, C..... .....Bank of Montreal
Swinton, Rigby.....Bank of Hamilton
Symmes, E. W.....Imperial Bank of Canada
Symons, W. W.....Union Bank of Halifax

Taillon, A. A.....Banque Nationale
Tait, A. Gordon .....Merchants Bank of Halifax
Tait, T. J .....Union Bank of Canada
Tapper, W. H .....Bank of Nova Scotia
Tasker, P. A.....Molsons Bank
Tate, J. M.....Canadian Bank of Commerce
Tate, L. E.....Molsons Bank
Taylor, Frank W.....Merchants Bank of Halifax
Taylor, F. W.....Bank of Montreal
Taylor, Geo. A .....Merchants Bank of Halifax
Taylor, H. P.....Imperial Bank of Canada
Taylor, J.....Bank of British North America
Taylor, Jas. G .....Halifax Banking Company
Taylor, R. F .....Merchants Bank of Canada
Theoret, J. H.....Banque d'Hochelaga
Thomas, F. Wolferstan .....Molsons Bank
Thomas, J. E.....Canadian Bank of Commerce
Thomas, R. Wolferstan .....Bank of British North America
Thomas, Wm. S .....Bank of New Brunswick
Thompson, G. M .....Eastern Townships Bank
Thomson, G. A.....Halifax Banking Company
Thomson, H. A.....Molsons Bank
Thomson, W. H .....Imperial Bank of Canada
Thorne, H. S.....Imperial Bank of Canada
Thornton, A. S.....Canadian Bank of Commerce
Thornton, W. O .....Imperial Bank of Canada
Tibbits, A. R.....Peoples Bank of New Brunswick
Tiffin, E. E .....Canadian Bank of Commerce
Tod, J.....Bank of British North America
Tofield, H. A.....Merchants Bank of Canada
Torrance, W. B.....Merchants Bank of Halifax

Townshend, A. S .....Halifax Banking Company
Travers, R. G. H .....Bank of Montreal
Travers, W. R .....Merchants Bank of Canada
Trepanier, J .....Banque d'Hochelaga
Trigge, A. St. L .....Canadian Bank of Commerce
Tupper, W. S.....Merchants Bank of Halifax
Turnbull, J.....Bank of Hamilton
Turnbull, T. M.....Canadian Bank of Commerce
Tytler, P. Boyd.....Merchants Bank of Canada

Van Felson, A. B.....Quebec Bank
Veasey, G .....Union Bank of Canada
Vessey, A. E.....Bank of Nova Scotia
Vezina, J. A .....Banque Nationale
Vibert, Philip.....Union Bank of Canada
Viets, G. A.....Bank of Nova Scotia
Von Cramer, Donald .....Merchants Bank of Halifax

Waddell, J. B.....Union Bank of Canada
Wadsworth, W. R .....Bank of Toronto
Wainwright, C. E.....Union Bank of Halifax
Wainwright, G. C.....Bank of Ottawa
Wainwright, J. R .....Molsons Bank
Walcot, C. W.....Merchants Bank of Canada
Walkem, H. C .....Bank of British North America
Walker, A. H.....Imperial Bank of Canada
Walker, B. E.....Canadian Bank of Commerce
Walker, C .....Dominion Bank
Walker, H. B .....Canadian Bank of Commerce
Walker, J .....Imperial Bank of Canada
Walker, J .....Quebec Bank
Walker, J. M.....Bank of Nova Scotia
Wall, W. J. E .....Banque Ville Marie
Wallace, Jas. B.....Merchants Bank of Canada
Wallace, H. N .....Halifax Banking Company
Wallace, R. G .....Bank of Nova Scotia
Wallace, R. R .....Bank of Montreal
Wallace, Wm .....Molsons Bank
Wallace, W. S .....Bank of Hamilton
Walsh, Ed.....Merchants Bank of Halifax
Walsh, J. W. B.....Dominion Bank
Ward, E. E .....Molsons Bank
Warden, W. McC.....Bank of Toronto
Waters, D.....Bank of Nova Scotia
Watson, H. M .....Bank of Hamilton
Watson, J. B.....Imperial Bank of Canada
Watson, J. W. G .....Bank of Montreal
Watson, W. W.....Bank of Nova Scotia
Watt, J. Nelson.....Bank of Hamilton
Waud, B. H .....Molsons Bank
Waud, E. W.....Molsons Bank
Webb, E. E .....Union Bank of Canada
Webbe, R. J. M .....Molsons Bank
Webster, H. C .....Bank of Montreal

Wedd, G. M .....Canadian Bank of Commerce
Wedd, John C .....Dominion Bank
Wedd, L. E .....Bank of Hamilton
Weir, W.....Banque Ville Marie
Weir, W. A .....Imperial Bank of Canada
Wemyss, J. M .....Imperial Bank of Canada
West, S. J.....Merchants Bank of Canada
Wethey, C. H .....Imperial Bank of Canada
White, Chas .....Imperial Bank of Canada
White, G. A .....Peoples Bank of Halifax
White, H. R.....Peoples Bank of Halifax
Whitely, A. L .....Imperial Bank of Canada
Wickson, Arthur .....Merchants Bank of Canada
Wiggins, C. Malcolm.....Ontario Bank
Wilkie, D. R.....Imperial Bank of Canada
Wilkinson, R. G .....Imperial Bank of Canada
Williams, A. E .....Bank of Nova Scotia
Williams, Geo .....Bank of British Columbia
Williams, H. F . .....Eastern Townships Bank
Williams, R. S .....Canadian Bank of Commerce
Williams, S. P .....Imperial Bank of Canada
Williams, Thos.....Bank of Toronto
Willis, John L .....Traders Bank of Canada
Willis, J. M .....Ontario Bank
Wills, H. T .....Canadian Bank of Commerce
Willmott, J. S .....Merchants Bank of Canada
Wilmot, K. Eardley .....Bank of Montreal
Wilson, Alex.....Bank of Nova Scotia
Wilson, A. E.....Bank of Montreal
Wilson, Geo .....Imperial Bank of Canada
Wilson, G. H .....Bank of Montreal
Wilson, G. M .....Merchants Bank of Canada
Wilson, H. B .....Molsons Bank
Wilson, J. H.....Imperial Bank of Canada
Wilson, J. H.....Bank of Montreal
Wilson, J. M.....Imperial Bank of Canada
Winlow, F. J.....Traders Bank of Canada
Winslow, E. P .....Bank of Montreal
Winslow, F. E .....Bank of Montreal
Winslow, J.....Bank of British North America
Winter, G. H.....Bank of British North America
Woodburn, H. F.....Merchants Bank of Halifax
Worrell, J. H.....Bank of Montreal
Wrenshall, C. M .....Merchants Bank of Canada
Wurtele, Carl F.....Quebec Bank
Wurtele, D.....Merchants Bank of Canada
Wyld, Ernest A.....Bank of British Columbia

Yeats, T. E .....Ontario Bank
Young, C. A .....Peoples Bank of Halifax
Young, Chas. R.....Merchants Bank of Canada
Young, F. W.....Union Bank of Canada
Young, R. B .....Imperial Bank of Canada
Young W. C .....Merchants Bank of Canada

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